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PROGRAMME

Enquêtes Financières - Avancé
UE/MENA Partenariat pour la Formation à la Lutte Anti-terroriste
(CEPOL CT 2)
DG Formation, Sûreté Nationale
24-27 juin 2019
Tunis, Tunisie

	Jour 1 24 juin	Jour 2 25 juin	Jour 3 26 juin	Jour 4 27 juin
09:00	Bienvenue et Introduction de CEPOL	Coopération inter-institutionnelle: Police, Interpol, Europol	Bureaux de transfert d'argent et autres systèmes bancaires informels	Comptabilité forensic
09:45	Introduction à la méthodologie de la formation et présentation de la cas d'étude	Exercice Pratique Enregistrer pour entraide judiciaire	Western Union	
10:30	Pause-café	Pause-café	Pause-café	Pause-café
10:45	Exercice Pratique Développement d'une stratégie des enquêtes financières	Exercice Pratique Obtenir d'information/prévue de l'étranger	Western Union	Exercice Pratique Analyse de l'information financière
11:30	Exercice Pratique Profilage financières des suspects, création d'une équipe d'investigation	Exercice Pratique Gardians (avocats, comptables)	Western Union	Exercice Pratique Analyse de l'information financière
12:30	Déjeuner	Déjeuner	Déjeuner	Déjeuner
13:30	CTAF comme un élément essentiel du système de renseignement financier	Information des banques	Coopération Internationale	Etude d'apprentissage
14:30	Pause-café	Pause-café	Pause-café	Pause-café

Le contenu des sessions était développé sur la base des pratiques légales et respectant des droits de l'homme



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14:45	CTAF comme un élément essentiel du système de renseignement financier	Exercice Pratique Formation d'une société, l'usage de véhicules de corporations offshore	Exercice Pratique Gestion de cas et Financement du terrorisme – Contrebande d'espèces	Localisation et récupération de biens	Evaluation de la formation
15:30					
16:30	Fin des sessions			Fin des sessions	Fin des sessions

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EU/MENA COUNTER-TERRORISM
TRAINING PARTNERSHIP 2
FINANCIAL INVESTIGATIONS - ADVANCED
PARTICIPANT LIST



Name	Surname	Department
		DG Training
		DG Training
		DG Special Services
		DG Training
		DG Technical Services - Financial Investigations
		DG Technical Services - Financial Investigations
		Financial Brigade
		DG Training
		DG Training
		Financial Brigade
		National Unit for the Investigation of Terrorist Crimes
		Headquarters
		Financial Brigade
		Financial Brigade
		Financial Brigade




The image shows the cover of a CEPOL report. The background is a blue-tinted photograph of a person's hands writing on a document. The CEPOL logo is in the top right corner. The title 'Financial Investigation Case Study' is written in white, with 'Salamambo, Tunis' and '23-27 June 2019' below it. At the bottom, it says 'EUROPEAN AGENCY FOR LAW ENFORCEMENT TRAINING'.

CEPOL

Financial Investigation Case Study
Salamambo, Tunis
23-27 June 2019

EUROPEAN AGENCY FOR LAW ENFORCEMENT TRAINING



The image shows a black slide with a white text box in the center. The text inside the box reads 'This information cannot be disclosed due to public security'. The CEPOL logo is in the bottom right corner.

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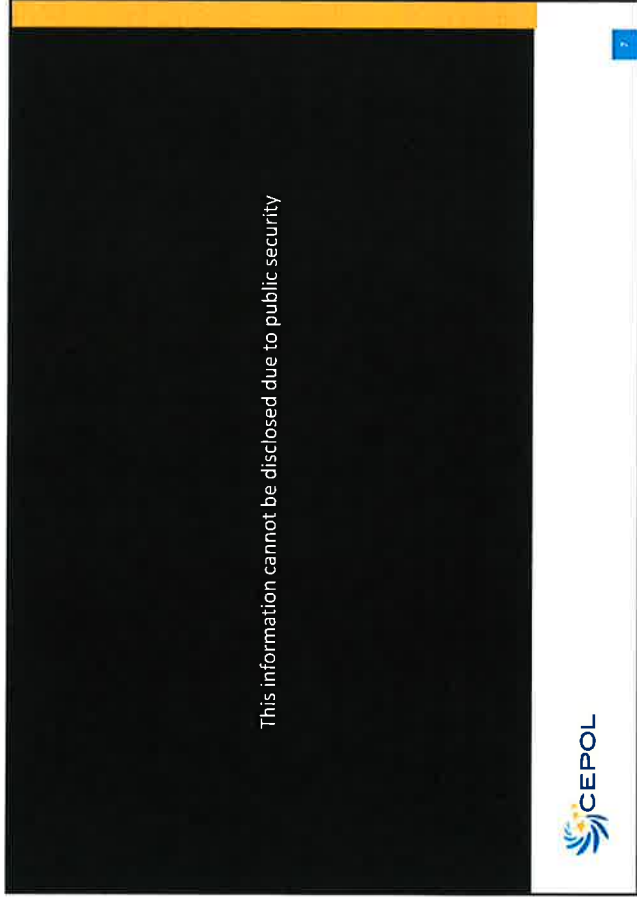
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Use of businesses by financiers of terrorism
Salammbou, Tunis
24-27 June 2019


EUROPEAN AGENCY FOR LAW ENFORCEMENT TRAINING



Use of businesses

- Company
- Partnership
- Proprietorship
- Business Name






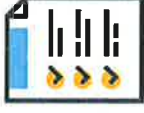
Company

There are various types of company that can be formed in different jurisdictions, but the most common forms of company (generally formed by registration under applicable companies legislation) are:

- A company limited by guarantee
- A company limited by shares
- A limited liability company
- An unlimited liability company




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INCORPORATED BUSINESS

- SEPARATE LEGAL ENTITY
 - LIKE A PERSON AT LAW
- FILE SEPARATE TAX RETURNS
- MINUTE BOOKS SHOW OWNERSHIP, WHO OPERATES COMPANY, SIGNING AUTHORITY ON BANK ACCOUNTS AND SHARES ISSUED



4



Partnership

A partnership is a type of business entity in which partners (owners) share with each other the profits or losses of the business undertaking in which all have invested.


- **TWO OR MORE PERSONS**
- **EQUALLY LIABLE**
- **MAY USE A TRADESTYLE**
- **ONE RESPONSIBLE FOR DECISIONS OF THE OTHER**



Proprietorship


A business structure in which an individual and his/her company are considered a single entity for tax and liability purposes. A proprietorship is a company which is not registered with the state as a limited liability company or corporation.






Sole Proprietorship

- **INDIVIDUAL CARRYING ON BUSINESS**
- NOT INCORPORATED
- **MAY USE A TRADESYTLE**
- **IS PERSONALLY RESPONSIBLE FOR DEBTS**




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Terrorist Finances

IDENTIFYING AND TRACKING ILLICIT FUNDS THROUGH ACCOUNTING RECORDS




8




REQUIRED RECORDS

- **CORPORATE STRUCTURE**
 - **WHO IS OPERATING MIND**
 - **DAILY DIARY**
- **GENERAL JOURNAL**
- **PURCHASE JOURNAL**
- **SALES JOURNAL**
- **FINANCIAL STATEMENTS**
- **LEDGERS**




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REQUIRED RECORDS

- **BANK STATEMENTS**
 - **US BANK ACCOUNTS**
 - **WIRE TRANSFERS**
 - **DEBIT / CREDIT MEMOS**
- **CHEQUE REGISTER**
- **CANCELLED CHEQUES**
- **DEPOSIT BOOKS**
- **CASH RECEIPT BOOKS**
- **SOURCE DOCUMENTS**
- **ACCOUNTANTS WORKING PAPERS**





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Remember



**OTHER CRIMINAL OFFENCES
MONEY LAUNDERING, FRAUD,
FORGERY, OTHER RELATED PROPERTY
OFFENCES**




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Financial Analysis
Salammbou, Tunisia
23-27 June 2019

EUROPEAN UNION AGENCY FOR LAW ENFORCEMENT TRAINING




Concealed Income Analysis


- Financial gain is a primary motive in complex criminal activity.
- Retention of the money acquired, without detection, is an associated motive for those involved in the activity.
- Skills in concealed income analysis are important to the analysis of most types of criminal activity, and to the analysis of terrorism finances, organized crime, and related conspiracies in particular.




Concealed Income Analysis




The purpose of concealed income analysis is to determine the extent to which a person, group, or organization is receiving and benefiting from money obtained from other than legitimate sources.




Concealed Income Analysis



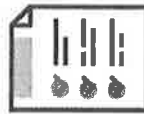

Concealed income analysis can be used both for developing hypotheses and testing hypotheses.



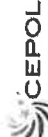


Four types of inferences


- 1. Hypothesis:**
 - A tentative explanation; a theory that requires additional information for confirmation or denial.
- 2. Conclusion:**
 - An explanation that is well supported; an hypothesis that has been confirmed and which can be acted upon.



- 3. Prediction:**
 - An inference about something that will happen in the future.
- 4. Estimation:**
 - An inference made from a sample to the whole, typically quantitative in nature—amount of money, time required, size of operation, and so on.




Definition of Financial Terms



Asset


Anything of value that can be converted to cash, or cash itself.

- Real Property
- Personal Property
- Securities investments
- Savings & Checking Accounts



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Definition of Financial Terms




Liability

A written or oral agreement covering a financial obligation to pay.

- Short-Term
- Long-Term



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Definition of Financial Terms


Net Worth
Total liabilities subtracted from total assets at a given point in time.

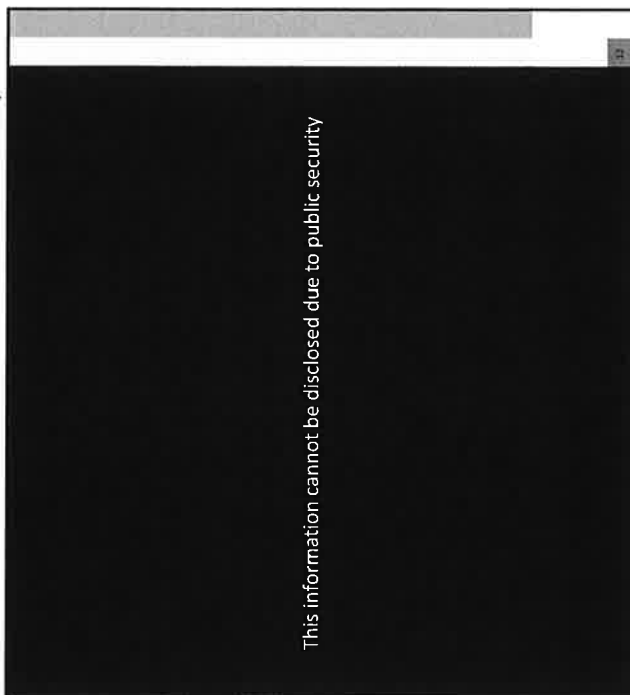
Income
Money received for services or work, including dividends, interest, returns from rentals and other investment returns.

Expenses
Living costs and/or the costs of doing business.





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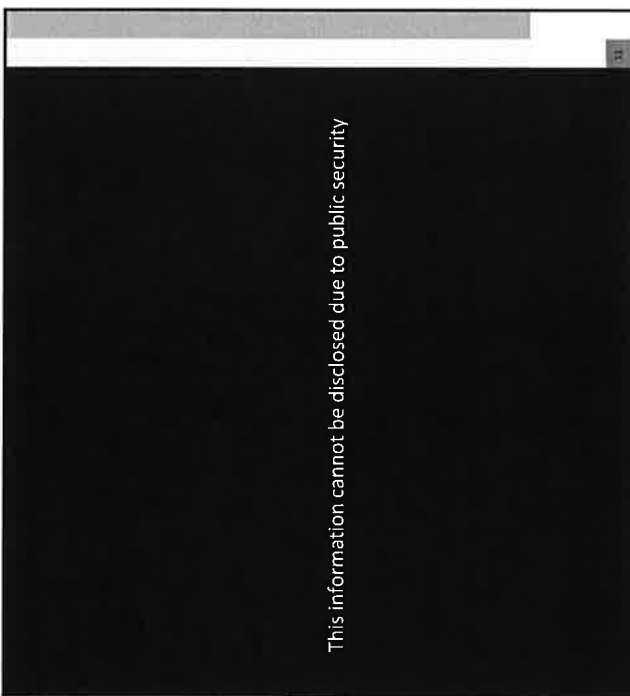





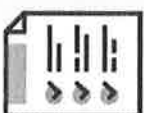
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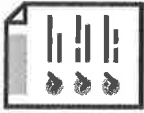
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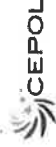
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Assessment of Net Worth


- A financial profile begins with a determination of net worth.
- Net worth is the individual's total assets less total liabilities at a given point in time.
- This is expressed in the following formula:

$$\text{Assets} - \text{Liabilities} = \text{Net Worth}$$



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	1999	2000	2001
ASSETS (A)			
Home	\$85,000	\$85,000	\$85,000
Auto	7,200	7,200	10,400
Boat	11,000	11,000	11,000
Diamond Ring	4,000	4,000	4,000
Stocks	6,000	10,000	15,000
Etc.			
TOTAL	\$113,200	\$117,200	\$125,400
LIABILITIES (L)			
Mortgage	\$65,000	\$50,000	\$15,000
Auto Loan	5,000	2,000	-
Boat Loan	7,000	4,000	1,000
Etc.			
TOTAL	77,000	\$56,000	\$16,000
NET WORTH (A—L)	\$36,200	\$61,200	\$109,400



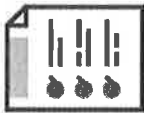
NET WORTH TRUTH TABLE



ASSETS STATUS	LIABILITIES STATUS	EFFECT ON NET WORTH
assets increase and assets increase	liabilities stay the same	net worth will increase
assets stay the same	liabilities decrease	net worth will increase
assets stay the same	liabilities decrease	net worth will increase
assets stay the same	liabilities increase	net worth will decrease
assets decrease	liabilities stay the same	net worth will decrease



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As of Date
Year 1


Assets
Liabilities
Net Worth Year 1

As of Date
Year 2


Assets
Liabilities
Net Worth Year 2
Net Worth Year 1
Change in NW For Yr 2

As of Date
Year 3

Assets
Liabilities
Net Worth Year 3
Net Worth Year 2
Change in NW For Yr 3



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As of Date
Year 1


Assets
Liabilities
Net Worth Year 1


As of Date
Year 2

Assets
Liabilities
Net Worth Year 2
Net Worth Year 1
Change in Nw For Year 2
Living Expenses For Year 2
Total Outlay For Year 2



As of Date
Year 3

Assets
Liabilities
Net Worth Year 3
Net Worth Year 2
Change in Nw For Year 3
Living Expenses For Year 3
Total Outlay For Year 3




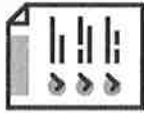


As of Date Year 1		As of Date Year 2		As of Date Year 3	
Assets		Assets		Assets	
Liabilities		Liabilities		Liabilities	
Net Worth Year 1		Net Worth Year 2		Net Worth Year 3	
		Net Worth Year 1		Net Worth Year 2	
		Change in NW For Year 2		Change in NW For Year 3	
		Living Expenses For Year 2	+	Living Expenses For Year 3	
		Total Outlay For Year 2		Total Outlay For Year 3	
		Known Income For Year 2	-	Known Income For Year 3	
		Income From Unidentified Sources For Year 2		Income From Unidentified Sources For Year 3	

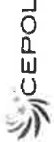



	1999	2000	2001
Net Worth	\$36,200	\$61,200	\$106,400
Change in Net Worth	XXXXX	25,000	46,200
Expenses	XXXXX	+65,000	+90,000
TOTAL	XXXXX	\$90,000	\$126,200
Income	XXXXX	52,000	53,800
CONCEALED INCOME	XXXXX	\$38,000	\$74,400






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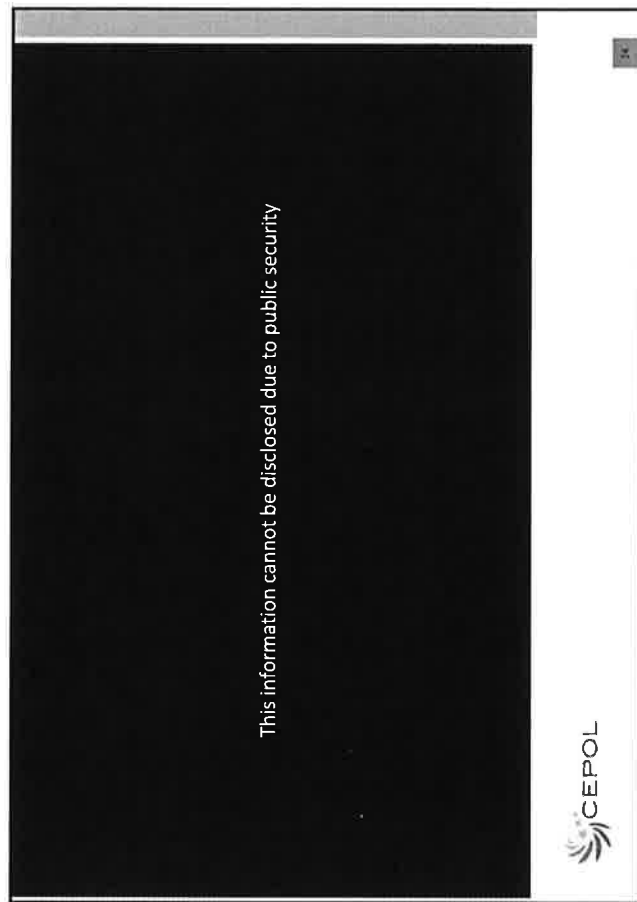
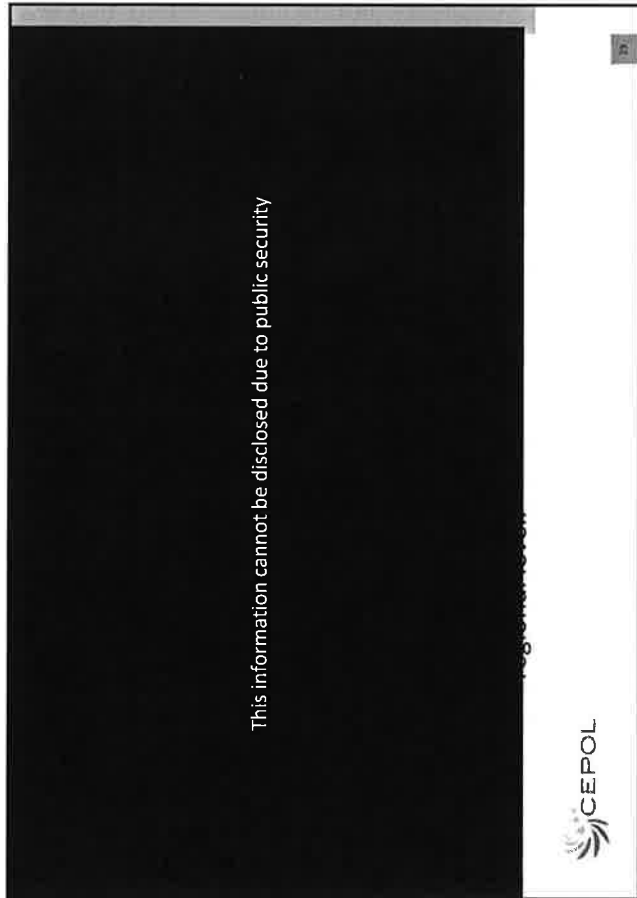


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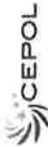
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Mutual Legal Assistance
Salammbô, Tunis
24-27 June 2019

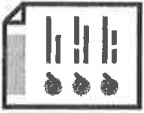
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Mutual Legal Assistance – Why?

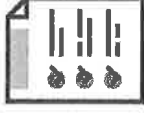

- Crime does not respect borders;
- Criminals use borders to hide;
- To counter that we need to work with different countries and understand different countries system;
- Communication is key;
- Professional relationships are important (knowing who to contact).






Mutual Legal Assistance – What can be requested?

- Depends on treaties and laws of countries involved;
- Intelligence gathered by the parties;
- Assistance on investigations and gathering evidence;
- Assistance in getting the evidence presented;
- Extradition;
- Repatriation of money;
- Implementation of ancillary orders.



Mutual Legal Assistance – Types of MLAT Agreements

- International convention;
- Local law which implements international agreement;
- Bi-lateral agreement between two countries.





Mutual Legal Assistance – Factors which limit assistance

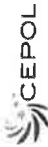
- The limit of the statute under MLAT – but you also have the principle of reciprocity;
- What is allowed by the implementing countries laws;
- The capability of the country you are requesting from – cannot request a video link from a country that doesn't have the technology;
- Speed of response;
- The relationship between the countries involved.



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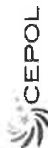


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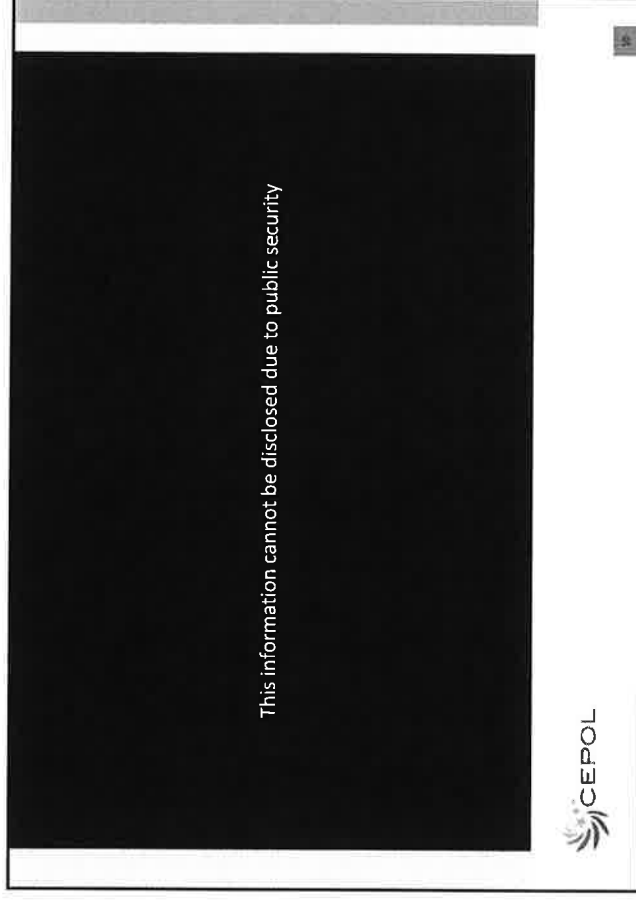
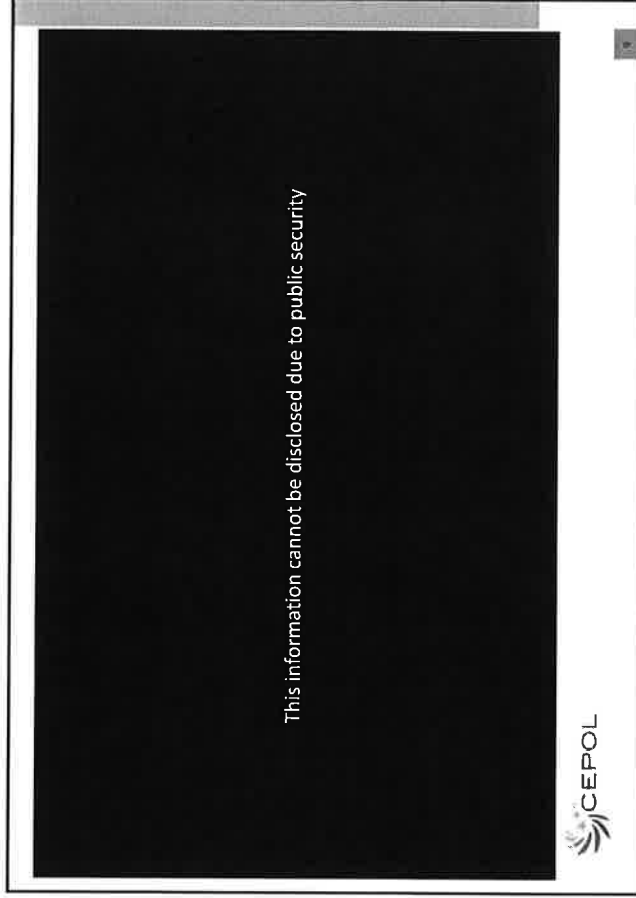


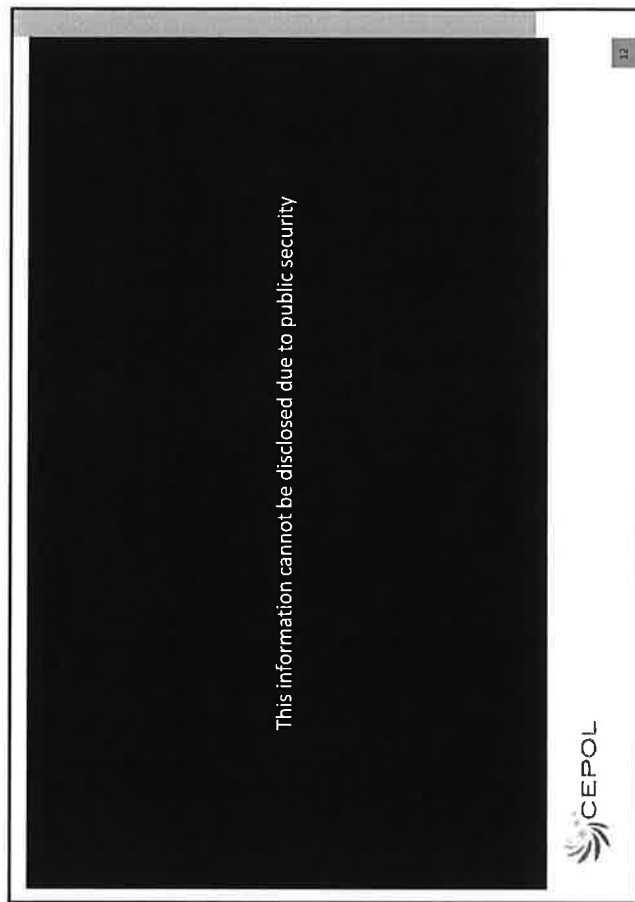
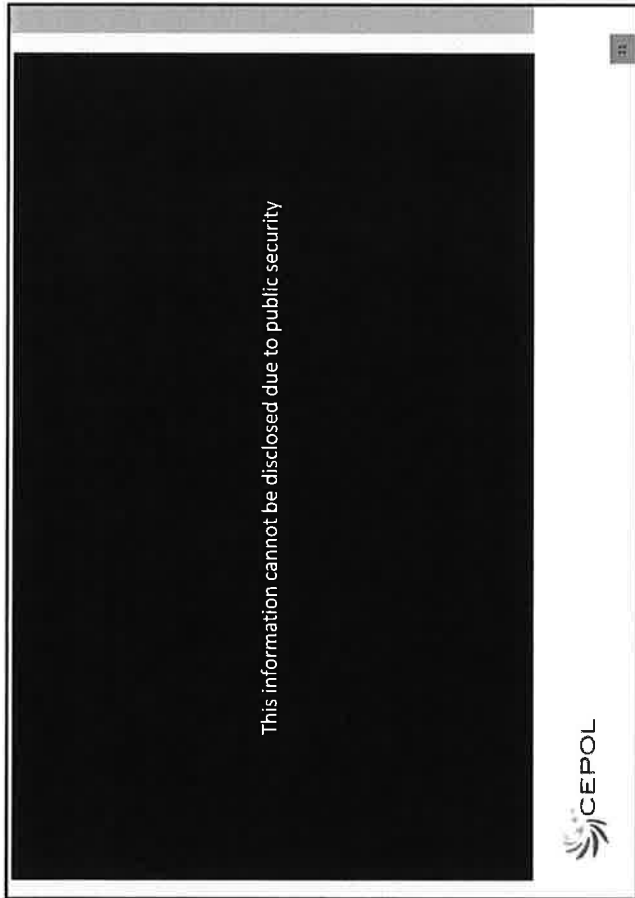
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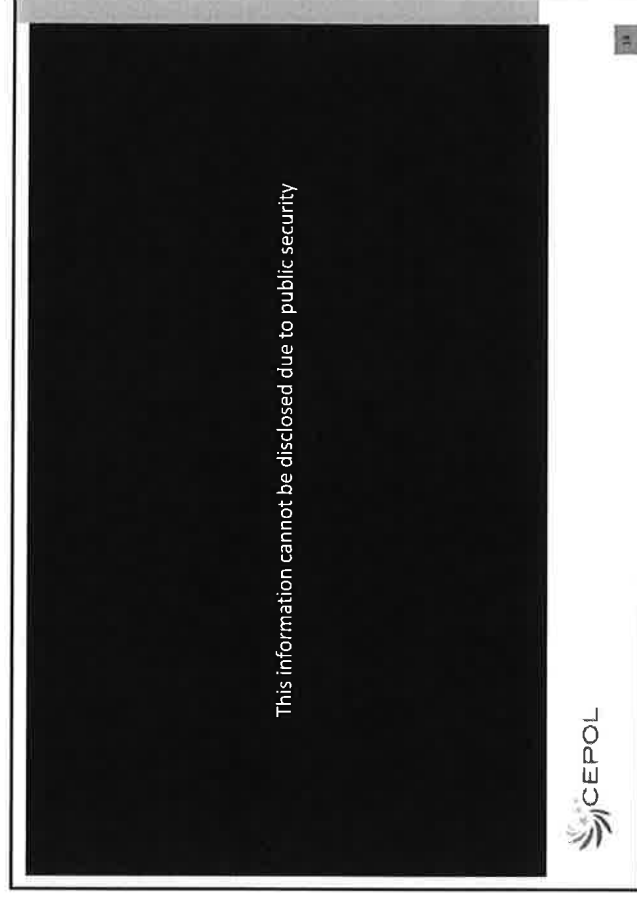
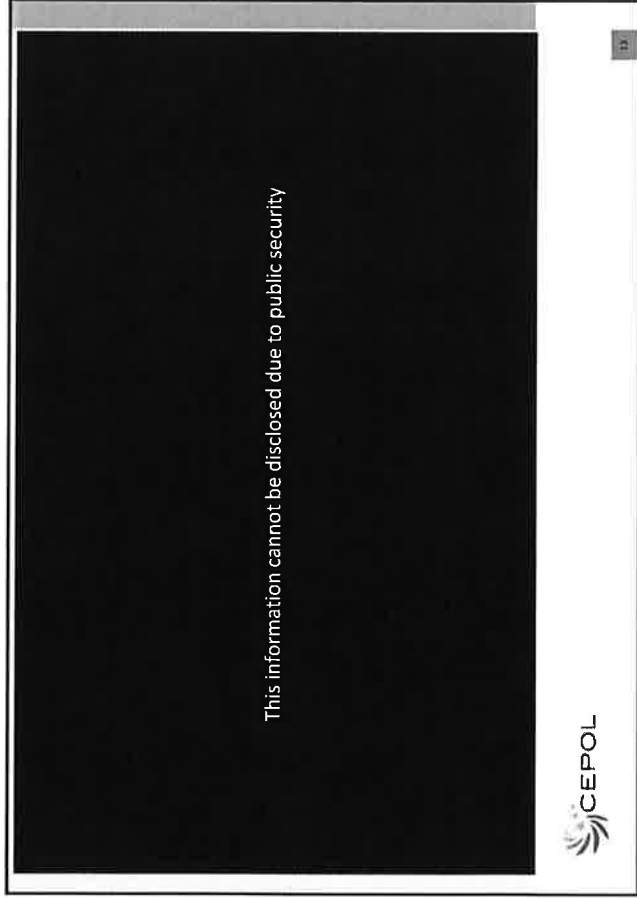
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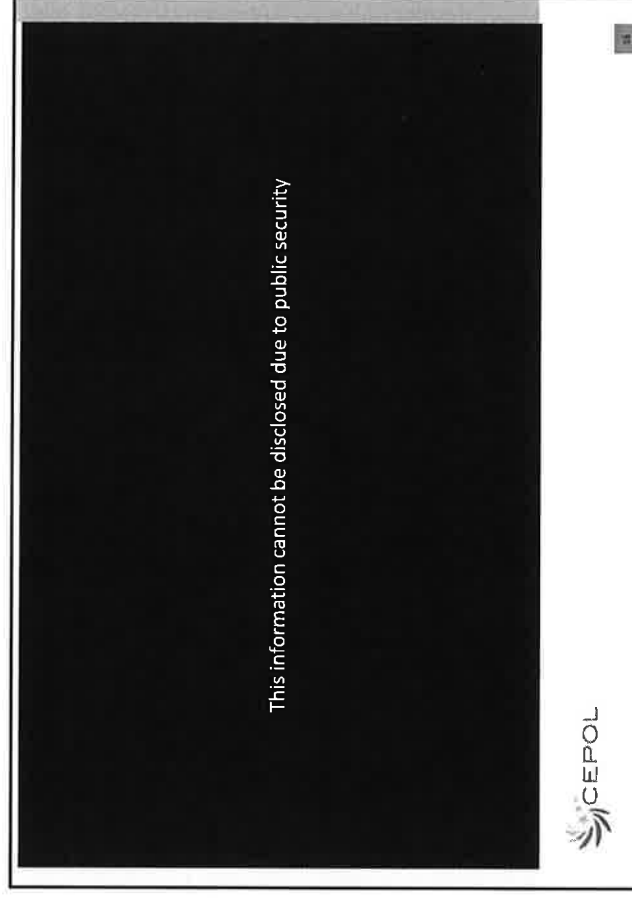
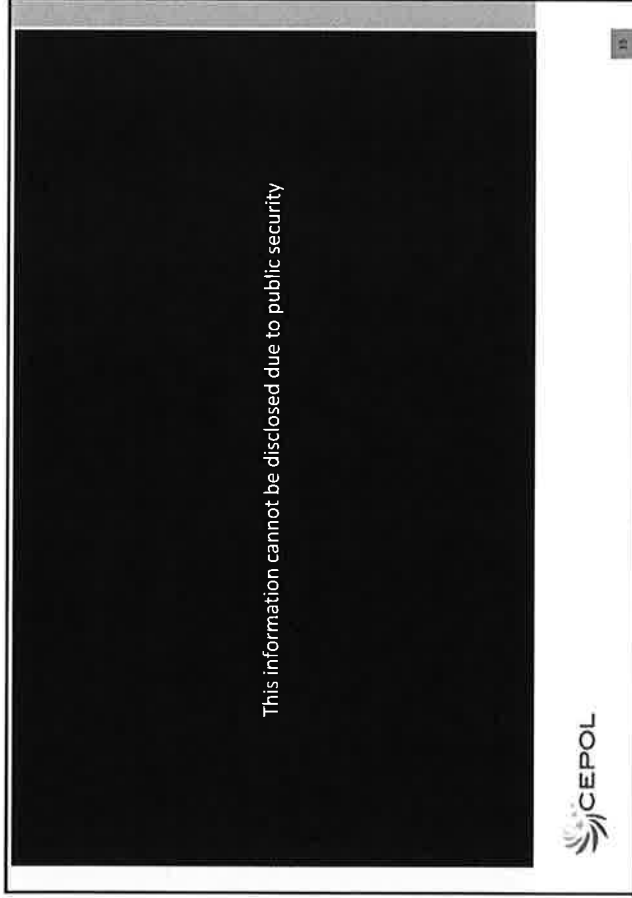


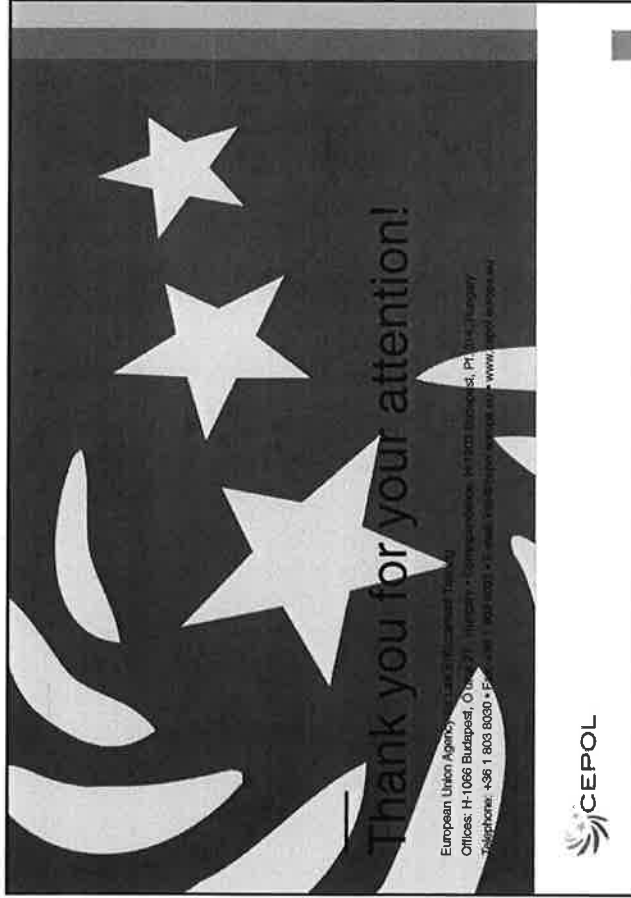
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Financing of Terror - MSB's and Informal Banking
Salammbao, Tunis
24-27 June 2019

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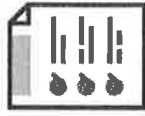


Operational characteristics of MSB's

- Classic Bureau de Change (currency exchange, traveler cheques etc.)
- Transfer of value (remitters etc.)
- Discounting (Cheque, notes, credit vouchers)
- Loans



Bureau de Change/Transfer of value



- Foreign currency purchased from customers, some from banks, and from other MSB
- Most customers are occasional, or tourists, though some are regular (Universities, other MSB's)
- No commission (profit in margin of exchange rate)
- Motto – reliable accessible fast efficient and cheap service
- Note exchange
- Consideration – Cash MSB Cheque or Bank account crediting



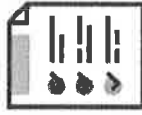
Discounting/Loans



- Complimentary to banks (extra credit, export/import, donations, foreign contacts)
- Regular customers (Friend brings friend)
- Insolvent, firms in financial difficulty, rejected by banks
- Customers seeking immediate cash
- Good record keeping and retention of transactions and of client credit history
- Commission represents estimated risk
- Most discounting in local currency but some of foreign cheques + currency change
- Some use sub-discounter who provides credit



Typical MSB - Bank Activity



Discounting /Loans

- MSB must operate with bank (Directly or indirectly)
- Several Cheque deposits, Bad cheques
- Mostly cheques of individuals
- Short term deposits
- Regular involvement of unknown depositors
- Large cash withdrawals and deposits
- Several bank accounts
- Depositing of cheques from foreign financial institutions
- Account credited under different identities by Credit Co.



Typical MSB - Bank Activity

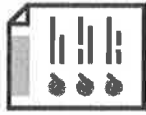
Bureau de Change/Transfer of value

- Large cash withdrawals and deposits.
- Use of foreign currency accounts (including cheques)
- Various currencies
- Several bank accounts
- Regular involvement of unknown depositors
- Depositing of cheques from foreign financial institutions



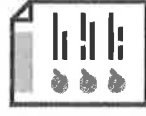
MSB usage of the banking clearing system

- Banks Honor cheques with several endorsements
- MSB's use banks to discount cheques
- Cheques deposited at payoff date
- Disengagement of audit trail – occurs at MSB




The use of alternative value to cash


- Avoid border reporting
- Manipulation of value
- "Thicker" layering
- Use of stored value (Telephone cards)
- Easy transport (Diamonds, Gold)



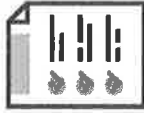
**Modus operandi of MSB's with other MSB's
abroad**



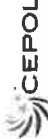
- Common characteristics (Language, Nationality, Family).
- No necessary actual shift of funds
- Many MSB's serve as agents of large international remittance Co (Moneygram, Western Union)
- Used for clearing foreign cheques

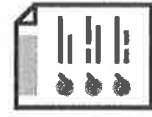


Modus operandi of MSB's with other local MSB's



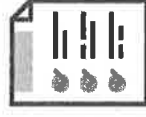
- Avoiding reporting requirements
- Unregistered MSB's
- Criminal elements registration of "front"
"Thicker" Layering
- Cheque discounters with Bureau de Change
- Temporary shortage of currency
- Shifting of risk
- Relative advantage and access (Nationality, language, Proximity)





Customer Identification

- Are MSB's "financial institutions"?
- MSB as financial institution dose not provide beneficiaries of its accounts at the bank
- Identification resulting in tipping off (when reporting requirements linked to threshold)
- Government provided Software



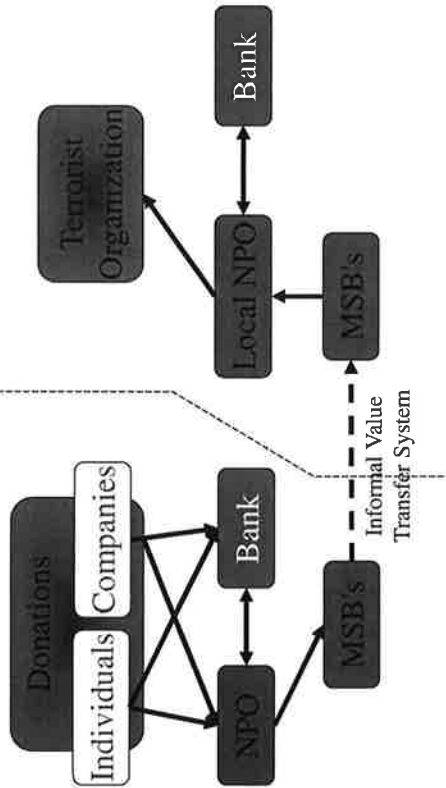
The Egmont Group's six main signs of money laundering

Are they relevant to MSB's and FT?

- Large-scale cash transactions
- Atypical or uneconomical fund transfers to or from a foreign jurisdiction
- Unusual business activities or transactions.
- Large or rapid movements of funds.
- Unrealistic wealth compared with client profiles
- Defensive stance to questioning




Terrorism funding through NPO's - A typical "money trail"



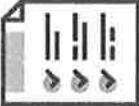
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11



Informal Banking - Hawala


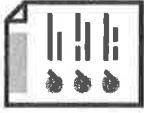
- Definition
- Characteristics of Hawala
- Parties to the Hawala
- Reasons for Prevalence
- Risks



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Definition


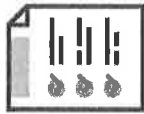
- An informal remittance system that does not require transferors identity verification, or detecting and reporting suspicious transactions.
- The transfer of money is carried out through unregulated network with no physical or electronic movement of money.
- The settlement takes place between the hawaladar (intermediary commander) and the other hawaladar (intermediary receiver) from whom the money is received.



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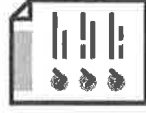
Characteristics of the Hawala

- **Anonymity:** Hawala hinges on complete secrecy of transactions carried out thereby in terms of content, form and procedure.
- **Oral:** Transactions are executed orally.
- **Trust:** Absolute trust among parties is a vital condition for transferring via hawala.



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Parties to the Hawala



1. **Transferor:** The holder of the money which is being transferred.
2. **Hawaladar (intermediary commander):** The service provider who collects the money intended to be transferred in return for a small percentage charge.
3. **Hawaladar (intermediary receiver):** The service provider who distributes the value on behalf of the transferee upon the order of the intermediary commander.
4. **Transferee:** The receiver of the hawala amount denominated in the agreed-upon currency from the intermediary receiver.

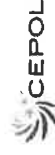


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Reasons of Prevalence

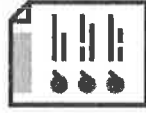


- The lack of banking and financial services in remote areas which funds are being transferred to.
- High fees and charges of formal transfers through licensed banks and financial institutions in comparison with low fees and charges of informal money transfer.
- Evading customs, income and consumption taxes and other levies in some countries.



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Reasons of Prevalence



- The speed of transfer through the informal transfer system at times in comparison with the speed via official conducts (licensed banks and financial institutions) and the need for transferring funds outside the official working days.
- Discrepancies between official and unofficial exchange rates at times in favour of transferors.
- Strict monetary restraints in some countries lay on money movement or transfer abroad.



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Reasons of Prevalence



- The largely increasing number of immigrants and/or expatriate workforce, wishing to transfer money to their native countries.
- Incapability to meet the standards of verifying identities of transferors or transferees, and the required measures of due diligence.
- Traditions and social values in many societies which bestowed credibility on these systems.
- Difficulties facing illegal immigrants in opening personal bank accounts at foreign banks.



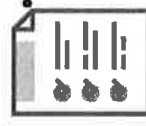
32

Reasons of Prevalence

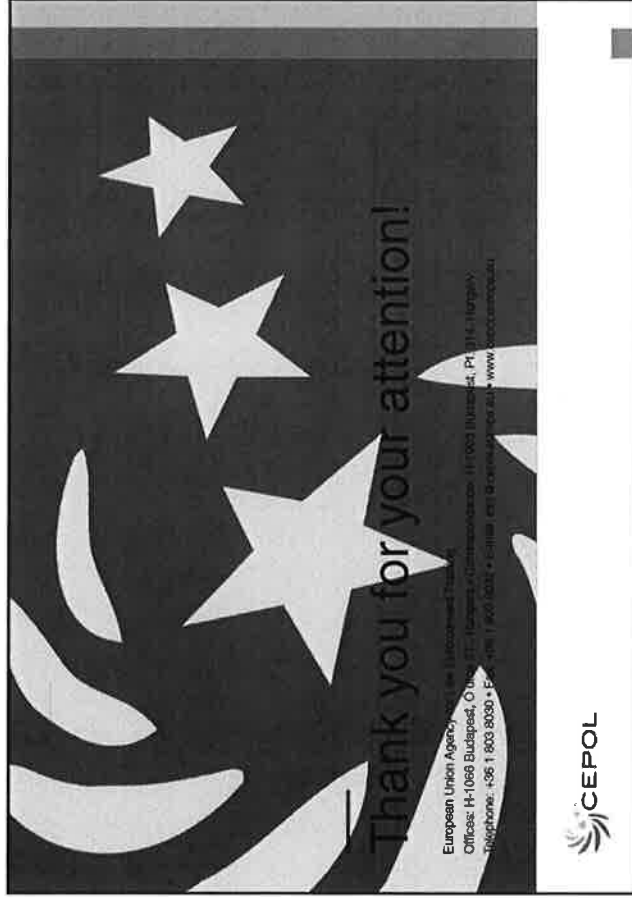


- Some exporters find themselves compelled - as a result of economic sanctions imposed on some countries- to seek informal transfer systems to get the return for their goods and services.
- Informal transfer systems are used for illegal activities such as money laundering, terrorism financing and tax evasion.

Risks



- The informal remittance system does not require verifying the identity of transferors or detecting and reporting suspicious transactions, in addition to the lack of control or record keeping, transparency and accountability. Since large sums of money are being handed over through this system, there is a potential for misusing it in illegal activities.
- There are many economic impacts on the informal transfer system, either of which those related to the monetary policy and exchange rates, the fiscal policy, or the patterns of consumption and expenditure.



Thank you for your attention!

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