

FATF TYPOLOGIES REPORT

MONEY LAUNDERING RISKS ARISING FROM TRAFFICKING IN HUMAN BEINGS AND THE SMUGGLING OF MIGRANTS

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A decorative graphic at the top of the slide consists of two rows of circles. The top row has three circles: a solid light purple circle on the left, a white circle with a light purple outline in the middle, and a solid light purple circle on the right. The bottom row has three circles: a solid light purple circle on the left, a white circle with a light purple outline in the middle, and a solid light purple circle on the right. The word "SUMMARY" is written in a bold, blue, sans-serif font, overlapping the first two circles of the top row.

SUMMARY

- Objectives.
- Assessment of Scope: Nature and Scale. of the Problem.
- Analysis of the Questionnaire and Case Studies.
- Key findings.
- Main indicators observed.
- Issues for consideration.

OBJECTIVES



- To assess the scale of the problem.
- To identify different trends in THB/SOM.
- To identify from case studies where ML is occurring and what form it is taking.
- To inform law enforcement agencies on the laundering of funds coming from THB/SOM.
- To identify red flag indicators to assist financial institutions in their identification of ML from THB/SOM, and in the reporting of STRs.
- To increase the possibility of the proceeds of THB/SOM being identified and confiscated, and thereby discouraging the activity of THB/SOM.

ASSESSMENT OF SCOPE: NATURE AND SCALE OF THE PROBLEM

- Building on work done by others.
- THB/SOM – differences and similarities.
- Profile of traffickers/smugglers.
- Assessing the scale.
- Countries of origin, transit and destination.
- Questionnaire and case studies.

KEY FINDINGS (1/2)



- THB/SOM are seen by the criminals as relatively “low risk-high reward” crimes.
- There is a lack of information on numbers and income generated.
- THB/SOM trends differ between origin and destination countries.
- There are geographical differences of emphasis in the ML processes (European, American, Asian and African countries).
- Criminals primarily use cash through MSBs, cash couriers, informal banking systems (hawala) cash-based activities, casinos, for investment and for a lavish lifestyle.

KEY FINDINGS (2/2)



- Information on THB/SOM is often generated from operational investigations that put more focus on the crimes themselves.
- There is a link between THB/SOM and other forms of organized crime (drug couriers, corruption, terrorism).
- Allocation of resources – different priorities.
- The indicators of ML are similar to those identified by other typologies.
- ML risks can be both cross-border and domestic.
- Need for an effective cooperation between all relevant agencies.

MAIN INDICATORS OBSERVED (1/3)

- FOR BANKS

- A common mobile number, address and employment references used to open multiple accounts in different names.
- Frequent money transfer to risk countries.
- Concentration of “risk” nationalities among the opening of accounts.
- Money rapidly withdrawn from accounts, from one or several ATMs.
- Frequent deposits or withdrawals with no apparent business source.
- Third party cash deposits made at various bank branches and via ATMs.
- Transactions undertaken that appear inconsistent with customer profile.
- Unusual withdrawals, deposits or wire activity inconsistent with normal business practices, or dramatic and unexplained change in account activity.
- Numerous incoming money transfers or personal cheques deposited into business accounts for no apparent legitimate purpose.

MAIN INDICATORS OBSERVED (2/3)

- FOR MSBs

- Small amounts sent to different recipients.
- Small amounts sent with high frequency to unconnected persons.
- Frequent transfers to risk countries.
- Multiple customers conducting international funds transfers to the same beneficiaries.

MAIN INDICATORS OBSERVED (3/3)

- **FOR DEALERS IN HIGH VALUE GOODS**

- Transactions funded with cash.
- Goods purchased for personal export to risk jurisdictions.

- **FOR CASINOS**

- Purchase of casino chips which may be redeemed following minimum gaming.
- Refining activity (exchanging small denomination bills into large ones).
- Currency exchange.
- Deposit of cash in bank drafts for casino front money account.

ISSUES FOR CONSIDERATION

- Statistics – more work required.
- Judicial focus – to produce high risk - low reward.
- Need for effective cooperation between relevant agencies
 - Between agencies at national level, particularly in the exchange of information between FIUs and law enforcement authorities.
 - Between the relevant authorities cross border.
 - Between source, transit and destination countries.
- Prioritisation and level of resourcing.
- FATF recommendations.

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**THANK YOU FOR YOUR
ATTENTION**

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