## PROGRAMME

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

*Le contenu des sessions était développé sur la base des pratiques légales et respectant des droits de l'homme*
<table>
<thead>
<tr>
<th>14:45</th>
<th>CTAF comme un élément essentiel du système de renseignement financier</th>
<th>Exercice Pratique Gestion de cas et Financement du terrorisme – Contrebande d’espèces</th>
<th>Localisation et récupération de biens</th>
<th>Evaluation de la formation</th>
</tr>
</thead>
<tbody>
<tr>
<td>15:30</td>
<td>Exercice Pratique Formation d’une société, l’usage de véhicules de corporations offshore</td>
<td></td>
<td></td>
<td>Fête de clôture</td>
</tr>
<tr>
<td>16:30</td>
<td>Fin des sessions</td>
<td>Fin des sessions</td>
<td>Fin des sessions</td>
<td>Fin des sessions</td>
</tr>
</tbody>
</table>

*Le contenu des sessions était développé sur la base des pratiques légales et respectant des droits de l'homme*
Financial Investigation Case Study
Salammbo, Tunis
23-27 June 2019
This information cannot be disclosed due to public security.
This information cannot be disclosed due to public security
This information cannot be disclosed due to public security
This information cannot be disclosed due to public security

Thank you for your attention!

CEPOL
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

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
**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 Propriertorship

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

Terrorist Finances

IDENTIFYING AND TRACKING ILLICIT FUNDS THROUGH ACCOUNTING RECORDS
REQUIRED RECORDS

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

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
This information cannot be disclosed due to public security
Remember

OTHER CRIMINAL OFFENCES
MONEY LAUNDERING, FRAUD,
FORGERY, OTHER RELATED PROPERTY
OFFENCES
Thank you for your attention!
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

**Definition of Financial Terms**

**Liability**

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

- Short-Term
- Long-Term
**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.

---

**This information cannot be disclosed due to public security**
This information cannot be disclosed due to public security.
This information cannot be disclosed due to public security

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:

\[
\text{Assets} - \text{Liabilities} = \text{Net Worth}
\]
### Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
<td>$85,000</td>
<td>$85,000</td>
<td>$85,000</td>
</tr>
<tr>
<td>Auto</td>
<td>7,000</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Boat</td>
<td>11,000</td>
<td>11,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Diamond Ring</td>
<td>4,000</td>
<td>4,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Stocks</td>
<td>6,000</td>
<td>10,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$133,300</td>
<td>$117,300</td>
<td>$132,430</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Item</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>$40,000</td>
<td>$50,000</td>
<td>$55,000</td>
</tr>
<tr>
<td>Auto Loan</td>
<td>5,000</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Boat Loan</td>
<td>7,000</td>
<td>4,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$52,000</td>
<td>$56,000</td>
<td>$55,000</td>
</tr>
</tbody>
</table>

### Net Worth Truth Table

<table>
<thead>
<tr>
<th>Assets Status</th>
<th>Liabilities Status</th>
<th>Effect on Net Worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>Stay the same</td>
<td>Increase</td>
</tr>
<tr>
<td>Increase</td>
<td>Decrease</td>
<td>Increase</td>
</tr>
<tr>
<td>Stay the same</td>
<td>Decrease</td>
<td>Increase</td>
</tr>
<tr>
<td>Decrease</td>
<td>Stay the same</td>
<td>Decrease</td>
</tr>
<tr>
<td>Decrease</td>
<td>Increase</td>
<td>Decrease</td>
</tr>
<tr>
<td>Decrease</td>
<td>Decrease</td>
<td>Increase</td>
</tr>
</tbody>
</table>
Thank you for your attention!
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 repropriety;
- 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.
This information cannot be disclosed due to public security.
This information cannot be disclosed due to public security.
This information cannot be disclosed due to public security
Operational characteristics of MSB’s

- Classic Bureau de Change (currency exchange, traveler cheques etc.)
- Transfer of value (remiters 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

CEPOL
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 do 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”

Donations

Individuals Companies

NPO → Bank

MSB’s

MSB’s

Informal Value Transfer System

Terrorist Organization

Local NPO → Bank

This information cannot be disclosed due to public security
Informal Banking - Hawala
- Definition
- Characteristics of Hawala
- Parties to the Hawala
- Reasons for Prevalence
- Risks

This information cannot be disclosed due to public security
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.

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.
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.

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 transfer 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.
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.

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.
Reasons of Prevalence

- Some exporters find themselves compelled - as a result of economic sanctions opposed 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.