

**'MONEY LAUNDERING AND PROCEEDS OF CRIME
WORKSHOP':
TRAINING WORKSHOP FOR CID
INVESTIGATORS**

***Financial investigations
and
Evidential matters***



Financial Investigations

Introduction

Money Laundering a Big. The Economist has estimated that about US\$500 billion to US\$1.5 trillion is laundered each year through the Global Banking System.

The vast majority of criminals are motivated by financial gain. Consequently, money laundering has become an essential service for today's criminal enterprise.

Financial Investigations

What is a Financial Investigation?

A financial investigation means an enquiry into the financial affairs of a suspect or entity.

Such enquiries can vary from simply obtaining bank statements in relation to accounts held by a suspect, to a major review of the financial accounts of large corporations.

The majority of investigations rely heavily on proving the offence or identifying assets through a paper trail.



Narcotics



Human Trafficking



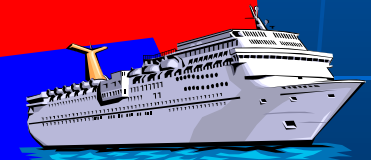
Election Fraud



Mega Casino



Terrorism



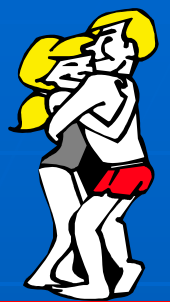
Customs Evasion



Extortion or Blackmail



Corruption



Sexual exploitation of women and children



Public Fraud



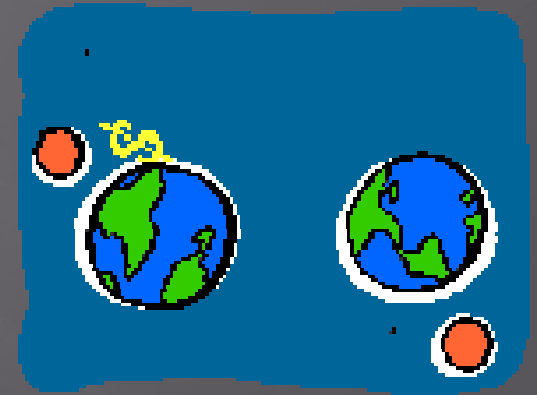
Embezzlement

Money Laundering

PURPOSE OF ML INVESTIGATIONS

Funds Tracing

To establish and identify where the money obtained from the crime went? Funds tracing. *(may also prove the offence)*



Assets Tracing

To locate what assets the launderer has either in his/her name or in the name of another entity. Asset tracing- Effective Control.



Financial Investigations

What is Financial Analysis?

Financial analysis involves the gathering of information and evidence to reconstruct the financial affairs of the target.

It also helps in refuting potential claims by the target as to the source of assets.

Financial Investigations

Basic Concepts:

Financial investigation involves the collection, collation and analysis of all available information with a view to assisting in the prosecution of and the deprivation from the target of the proceeds of crime.

Criminals usually like to maintain some degree of control over their assets and as a result there is usually a “paper trail” that will lead back to the offender.

A financial investigation is no different to any criminal investigation. Do not accept anything at face value and most importantly pursue all enquiries, no matter how trivial they may seem at the time.

Intelligence role of financial investigation

- Assist in location of suspects
- Identify associations
- Identify witnesses
- Establish movements
- Estimate criminal activity
- Identify assets
- Determine lifestyle

Evidence

In considering what crime has been committed the investigator must:

- Take into account & determine what evidence there will be to prove a crime has been committed or assets accumulated.
- Take into account where the evidence may be located.
- Determine how they intend to recover the evidence.

Evidence

- Must be obtained *legally*.

Evidence

All sources must be considered

- Documentary
- Oral
- Forensic evidence
- Overseas

PLANNING - Points to Consider



Aim of Investigation

- **Support Criminal charges eg DRUGS**
- **Money laundering**
- **Discredit Explanation given.**
- **Building a Criminal Profile.**
- **To encourage later Targeting.**
- **Intelligence purposes eg GANGS**
- **Asset confiscation.**

Evidence/Information Matrix

Matrix can be used to:

- Ensure all relevant information or sources are identified & collected in a systematic & logical manner.
- Identify any gaps in the information/evidence obtained.

Evidence /Information Matrix

Matrix can contain the following topics:

- The allegation/transaction.
- The evidentiary requirements/information.
- The evidence available, and
- The exhibit number/reference.

Evidence/information Matrix

Example 2: Where the matrix is to be used for a brief of evidence

The allegation is a theft of \$1,000:

- *The proofs are the identity of the offender, property belonging to another, and dishonesty **etc;***
- *The evidence is identity, handwriting, ownership statement, and proof of intent **etc;***

Evidence/Information Matrix

- If a key element or witness is not covered, it is readily identifiable from the matrix.

Evidence/Information Matrix

An example of a simple matrix is set out below.

Possible Offenders/Witnesses	Possible Offences	Elements of offences	Evidence Required	Possible Sources of Evidence

Financial Investigations

Sources of Information

A source of information is either an individual who can provide information, or a point of collection within the investigator's own organization.

Sources of information can be divided into four main categories:

- Human
- Field
- Electronic
- Scientific

Human Sources

Human sources of information are the individuals from whom we can collect information.

These include people that we may overtly question or covertly observe to solicit the information we require.

Electronic Sources

Electronic sources of information are the products of electronic methods used by law enforcement organizations to collect information. Sometimes this source of information is referred to as electronic surveillance.

Methods Of Collecting Financial Information:

Overt Collection



Covert Collection



Selecting the Collection Method

Selecting the most appropriate method will depend upon the ease with which the information can be collected from source or agency, the risk posed to the person collecting the information, the exposure of the investigation, the urgency of the need for the information and the availability of resources to collect the information using that method.

Once the most appropriate method of collection is selected a decision as to who will collect it and when should be made.

Covert Collection

Covert collection methods are useful when the investigator wants to conceal the enquiries from the subject of the investigation. Most covert inquiries will be conducted prior to the apprehension of the suspect.

This is done to prevent the suspect from becoming aware of investigative activities thus minimizing the risk of evidence being concealed or destroyed or assets being concealed or disposed of.

Overt Collection

Overt collection is appropriate where there is no need to conceal the collection activities. Within law enforcement, overt collection methods are usually employed during the arrest and prosecution phases of an investigation. By this time the criminals know they are the subject of an investigation and collection methods are unlikely to jeopardize the goals of the investigation.

SOURCES OF INFORMATION

Police Systems:



➤ Intel systems:

- Associations,
- Vehicles associated to,
- Locations/Places noted/seen,
- Telephone Numbers,
- Previous search warrants- Bank accounts,
- Previous Files containing statements,
- Past Informant Information.

SOURCES OF INFORMATION

■ Surveillance:

- **Asset ownership**
- **Locations frequently visited**
 - **Storage facilities**
 - **Safe Houses**
 - **Associations**
- **Expenditure - follow up enquires**

SOURCES OF INFORMATION

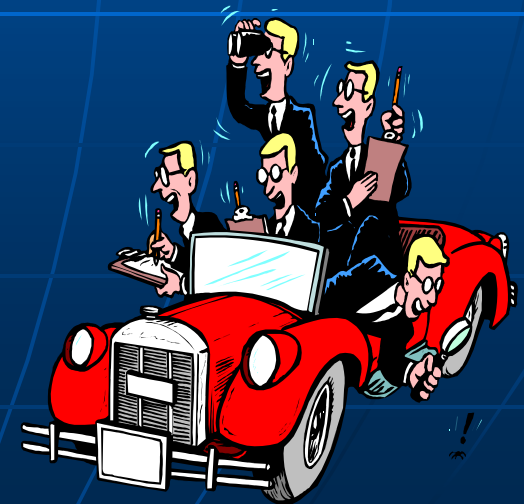
➤ Vehicle Registry



➤ Telecom records – land lines, cellphones, ISP - may identify properties.

➤ FIU

- STR's - Bank account activity.
- BCR, EFT, IFT
- Border reports.
- Identification of Bank accounts.



SOURCES OF INFORMATION

BANKS:

Accounts used and signatory to:

- Source documents on payments
- Who payments are being made to.
- Types of expenditure
- Loans being repaid.
- Details on reverse of cheques.



SOURCES OF INFORMATION



BANKS:

Source Documents for - Receipts:

- Source of legitimate income
- Sale of assets.
- CASH - Denominations
- Deposit details.
- Location of deposit.



SOURCES OF INFORMATION

BANKS:

Source Documents - Other:

- Transfers to other accounts
- Foreign exchange transactions.
- Other debits & credits eg Hire Purchase.



SOURCES OF INFORMATION

BANKS:

Mortgage & Loan Applications:

Safety Deposit Box:

Diary Notes:

Client File:



SOURCES OF INFORMATION

Land Information:

- Name search - owns property
- Both current & past.
- Legal title & boundary information.



Transfer Documents:

- Price paid/sold.
 - Seller and purchaser.
 - Solicitor.
-
- Mortgage.
 - Caveat notices.
 - Computerised maps of property.

SOURCES OF INFORMATION

Land Information:



COMPUTER FREEHOLD REGISTER UNDER LAND TRANSFER ACT 1952




R. W. Muir
Registrar-General
of Land

Historical Record

Identifier OT10A/526
Land Registration District Otago
Date Issued 24 October 1984

Prior References

OT1C/274

Estate Fee Simple
Area 514 square metres more or less
Legal Description Lot 7 Deposited Plan 18684

Original Proprietors

Michael Charles Trousselot and Penelope Jayne Trousselot

Interests

821500.2 Mortgage to ANZ Banking Group (New Zealand) Limited - 12.1.1993 at 9:10 am

5014012.1 Discharge of Mortgage 821500.2 - 11.12.2000 at 9:00 am

5014012.2 Transfer to Alexa Margot Forbes and Sean Charles Drader - 11.12.2000 at 9:00 am

5014012.3 Mortgage to Westpac Banking Corporation - 11.12.2000 at 9:00 am



SOURCES OF INFORMATION

Land Information:

TRANSFER
Land Transfer Act 1952

1 301912-2 TRANSFER
CPI-81/81.PCS-892.88/12/88.12:53
DocID: 110165230

If there is not enough space in any of the panels below, cross-reference to and use the approved Annexure Schedule: no other format will be received.

Land Registration District
Otago

Certificate of Title No.	All or Part?	Area and legal description — Insert only when part or Stratum, CT
10A 526	All	

Transferor Surnames must be underlined
Michael Charles TROUSSELOT and Penelope Jane TROUSSELOT

Transferee Surnames must be underlined
Alexa Margot FORBES and Sean Charles DRADER

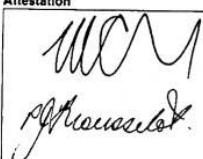
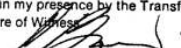
Estate or Interest or Easement to be created: *Insert e.g. Fee simple; Leasehold in Lease No.; Right of way etc.*
Fee Simple

Consideration
\$182,500

Declarative Clause
For the above consideration (receipt of which is acknowledged) the TRANSFEROR TRANSFERS to the TRANSFEE all the transferor's estate and interest described above in the land in the above Certificate(s) of Title and if an easement is described above such is granted or created.

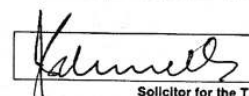
Dated this third day of November, 2000

Attestation

	Signed in my presence by the Transferor Signature of Witness 
	Witness to complete in BLOCK letters (unless typewritten or legibly stamped)
	Witness name <u>PARAICIA ANNE BRANN</u>
	Occupation <u>PERSONAL ASSISTANT</u>
	Address <u>BEUL ROAD, WEST MATON RD1</u>
	<u>CHRISTCHURCH</u>

Signature, or common seal of Transferor

Certified correct for the purposes of the Land Transfer Act 1952
REF: 4135


Solicitor for the Transferee



SOURCES OF INFORMATION

Quotable Valuations/ Rates



➤ Government Valuations.

- Owners details.
- Who pays the rates.

➤ Building permits.

- Work done
- Tradesmen
- Estimate cost

SOURCES OF INFORMATION

Power Records:

- Name, address.
- Consumption:
- Payment method.



Phone Records:

- Frequently called numbers.
- Internet Connection.

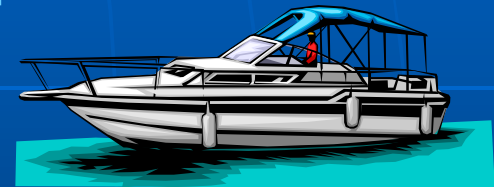
SOURCES OF INFORMATION

Associations and Family:

- Especially Ex-partners.

Insurance Companies:

- Assets insured.
- Asset Locations.
- Superannuation & Investments.



Vehicle Registration:

- Legal requirements.
- Searches by plate number.
- Searches by Person.



SOURCES OF INFORMATION

Motor Vehicle Dealers:

- Sale agreements.
- Vehicle details.
- Financing.
- Trade In's.
- Payment/ sale details.
- Buyers details.



Customs/Immigration:



- Travel In & Out of country.
- Customs interest in Target.

Profiling

- **Person Profiling**
- **Company/Business Profiling**
- **Financial Profiling**

Person Profiles

- The most common entity profile is the person profile. The person profile collates the information under the key characteristics of a person's physical description, personal particulars, former and present behaviour and relationships. It is similar to a resume, only is tailored to meet the needs of an investigation.
- The profile is used to gain an appreciation of the history of the person of interest and how that person came to be where they are today. Profiles provide knowledge of the person, which can be useful in trying to predict their behaviour or determine the truth in an interview/interrogation situation. It also allows a large amount of information to be broken down in a logical manner.

Company profiles

- More and more criminals are using legitimate businesses and companies as fronts to disguise or facilitate criminal activities. A simple profile of the business or company can help an investigator understand how and why the criminal may use it.
- Like the person profile, the company profile looks at the key characteristics of a business or company that may be relevant to an investigation.

Financial Profile

The benefits of compiling and maintaining a financial profile in respect of a target are numerous. Apart from providing an excellent source of intelligence in respect of the target, a financial profile also serves the following purposes:

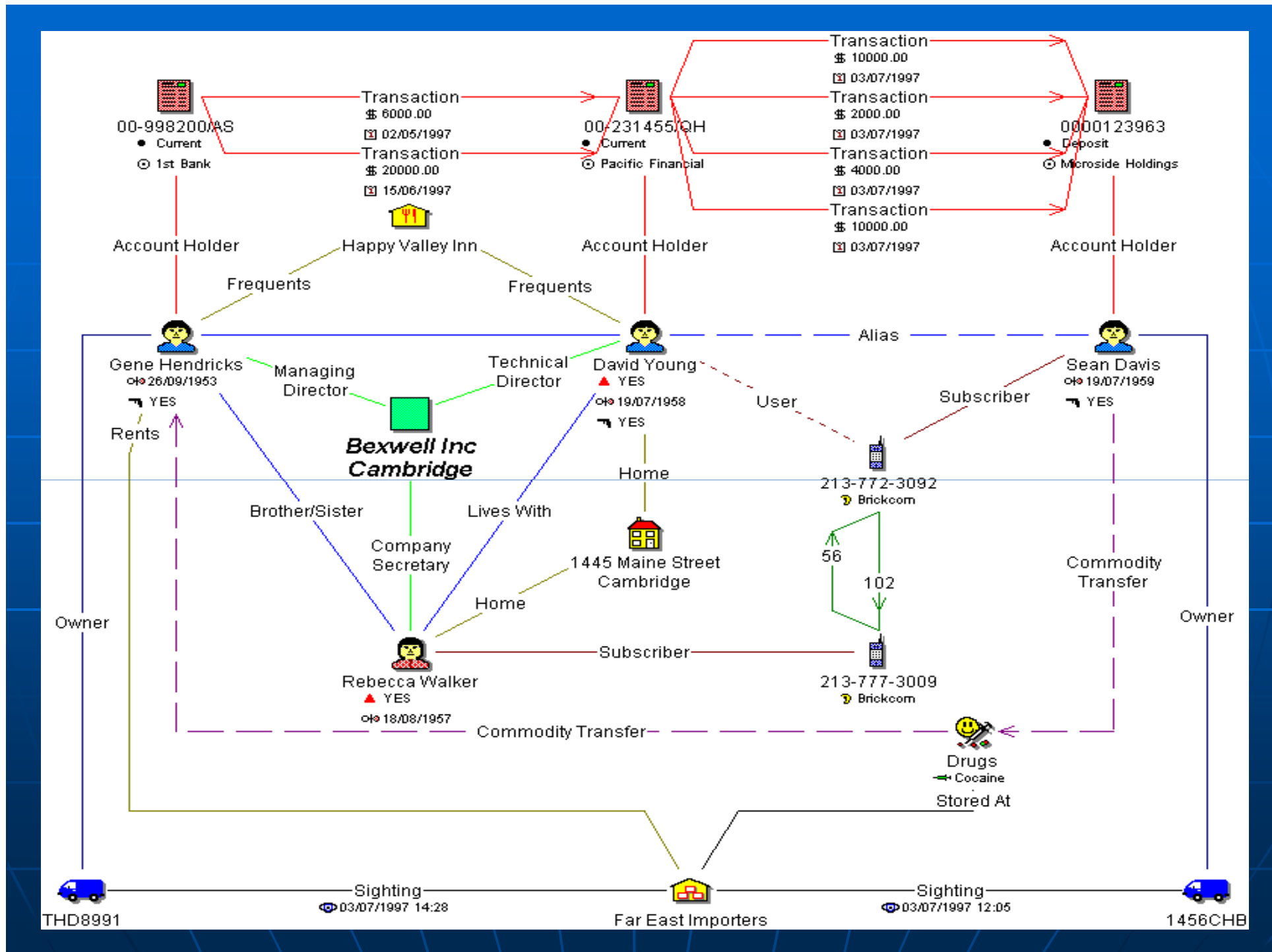
- a means by which money launderers associated with a target may be identified;
- may provide valuable information in relation to the target's criminal activities; and
- Provide a ready information package that will enable a more effective and efficient "Proceeds of Crime" action in respect of the target.

Financial Profile

- **Most financial profiles will collate information under the following:**
- **bank accounts;**
- **other financial institution accounts;**
- **business/company associations;**
- **casino accounts;**
- **vehicles/vessels owned/controlled;**
- **real estate owned/controlled;**
- **aircraft owned/controlled;**
- **shares/stocks owned/controlled;**

**Methods of
presenting
summaries of
evidence,
demonstrating a
financial profile
etc.**





Typical Assets

Real Estate

Bank Accounts

Stocks and bonds

Motor vehicles

Insurance products

Cash on hand

Jewellery

Clothing,

Furniture, Vessels

Aircraft

Collectables (art,
precious stones, metals
etc)

For Each Asset Determine

□ When acquired

□ From whom acquired

□ Method of payment

□ Source of funds used to
acquire

□ Availability and location
of documentation
available in relation to
the purchase

Typical Liabilities

- **Mortgages**
- **Loans**
- **Credit card purchases**
- **Purchases with cash**
- **Accounts payable**
- **Taxes and other bills**

For Each Liability Determine

- **Original amount of the liability**
- **Present balance due**
- **When was the liability incurred**
- **What was the purpose of the loan or debt**
- **How were the proceeds used and where were they deposited**
- **What security was provided for the debt**
- **Availability and location of documentation for the transaction**
- **Who was the creditor or lender**
- **What was the method of settlement**

Typical Expenses

Rent and mortgage payments
Interest on loans
Credit Card payments
Hire purchase repayments
Travel
Utilities
Food
Insurance
Entertainment

For Each Expense Item Determine

- ❑ Total amount spent
- ❑ Method of payment
- ❑ Source of funds to pay expense
- ❑ Availability and location of documentation evidencing expenditure (receipts, bills etc)
- ❑ When was payment made
- ❑ To whom was it made

INFORMATION MANAGEMENT

As an investigation progresses, the volume of information generated can pose problems to investigators unless there is in place a system to manage it. Collation methods are used to manage the information after collection to make analysis easier.

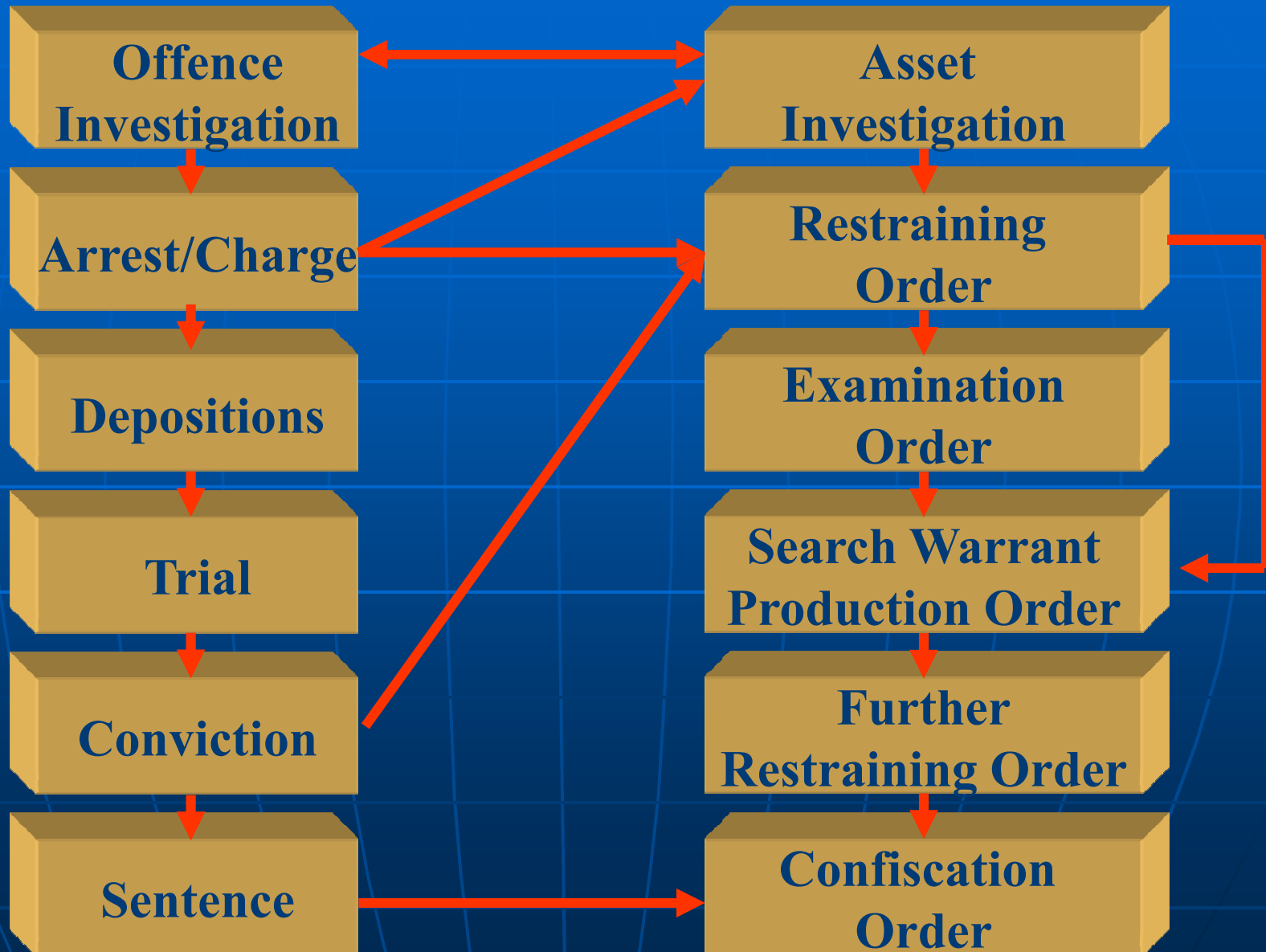
Collation involves sorting and categorising the information to ensure that all like information is put together. It is more than just filing. Collation also structures the information so that it can be interpreted in an efficient manner. It allows for the identification of patterns within the information and relationships between people, entities and events, patterns and relationships which later analysis will concentrate on.

1	Exhibit Number	The number you decide to give to the document
2	Date on document	The date recorded on the document, e.g date of a cheque, date of an invoice, date of an interview – if no date appears on a document, leave blank
3	Type of Document	In as few words as possible define the type of document e.g. cheque; invoice; witness statement; bank statement; offender statement – be consistent

4	Name on document	You might use this column to record the name to whom an invoice is made out, the payee of a cheque, the name to whom a letter is addressed, the name of a person making a statement, the name recorded on a credit card or ATM card;
5	Document Number	Record in this column cheque numbers, invoice numbers, agreement numbers, numbers that are peculiar to the document itself
6	Retrieved from	This indicates where the document was obtained from, e.g. Westpac Bank; address of offender; address of offenders accountant; a Post Office Box; a utility company; - there are endless possibilities
7	Retrieved by	Name of officer obtaining the document/exhibit – be consistent

Criminal Investigation

Proceeds Process



Presentation of Evidence

- Success or failure of a case may well be determined by the ability of the Prosecutor to present evidence in a manner that enables it to be followed logically and understood by Judges/Juries/Assessors and even witnesses
- The introduction of large volumes of paper is difficult to avoid, however and is essential to provide the evidential basis for proving many financial transactions
- Ensure these volumes of paper are assembled in “user friendly” booklets and provided to all parties in ample time (defence counsel should always be provided well in advance of a hearing so that arguments as to admissibility can be dealt with pre trial)
- Consider the use of charts/graphs etc as a way of graphically summarising particular points

- Ensure these volumes of paper are assembled in “user friendly” booklets and provided to all parties in ample time (defence counsel should always be provided well in advance of a hearing so that arguments as to admissibility can be dealt with pre trial)
- Contemplate the use of modern media such as Power Point as a means of assisting the Court/juries/assessors, to understand complex transactions
- Consider the use of charts/graphs etc as a way of graphically summarising particular points

Value of Financial Evidence

- Can evidence a lifestyle funded by income levels greater than legitimate income, therefore demonstrating that the subject has access to another income source (ie proceeds of criminal activity)
- Will often establish the existence of otherwise unknown assets that have been purchased with proceeds of criminal activity, that then become available for confiscation
- Will often establish that the subject of the analysis has misrepresented the truth in financial statements/records, so as to conceal the real source of funds

Financial Investigation

END – QUESTIONS ??????