

Money Laundering and Terrorism Financing Methods



Introduction - Money Laundering - Switzerland

- ▶ Art. 305^{bis} Swiss Criminal Code: Money Laundering
 - ▶ 1. Any person who carries out an act that aims to frustrate the identification of the origin, the tracing, or the forfeiture of assets which he knows or must assume originate from a felony or aggravated tax misdemeanour is liable to a custodial sentence not exceeding three years or to a monetary penalty.
- ▶ Art. 260^{quinquies} Swiss Criminal Code: Financing terrorism
 - ▶ 1. Any person who collects or provides funds with a view to financing a violent crime that is intended to intimidate the public or to coerce a state or international organisation into carrying out or not carrying out an act is liable to a custodial sentence not exceeding five years or to a monetary penalty.

Agenda

- ▶ Gold
- ▶ Jewellery
- ▶ Raw Diamonds
- ▶ Antiquities
- ▶ Art
- ▶ **Consulting Firms**
- ▶ Mergers & Acquisitions
- ▶ **Dubai**
- ▶ **Deposit Boxes**
- ▶ Cash
- ▶ Currency Exchange Offices
- ▶ **Real Estate**
- ▶ References

Consulting Firms



Consulting Firms - General Suitability

- ▶ Layering /integration
- ▶ Avoid regulated sectors, such as asset management
- ▶ Not subject to any controls
- ▶ Pricing and performance are rather subjective and difficult to measure

Consulting Firms – Concrete Steps

- ▶ Hire a nominee director to found a share company
 - ▶ i.e. in Switzerland with subsidiaries abroad
- ▶ Offer consulting services throughout the world
- ▶ Professional website and a prestigious business address
- ▶ Retain a few genuine consultants
- ▶ Provide some consulting services to existing companies
- ▶ Increase the business's plausibility

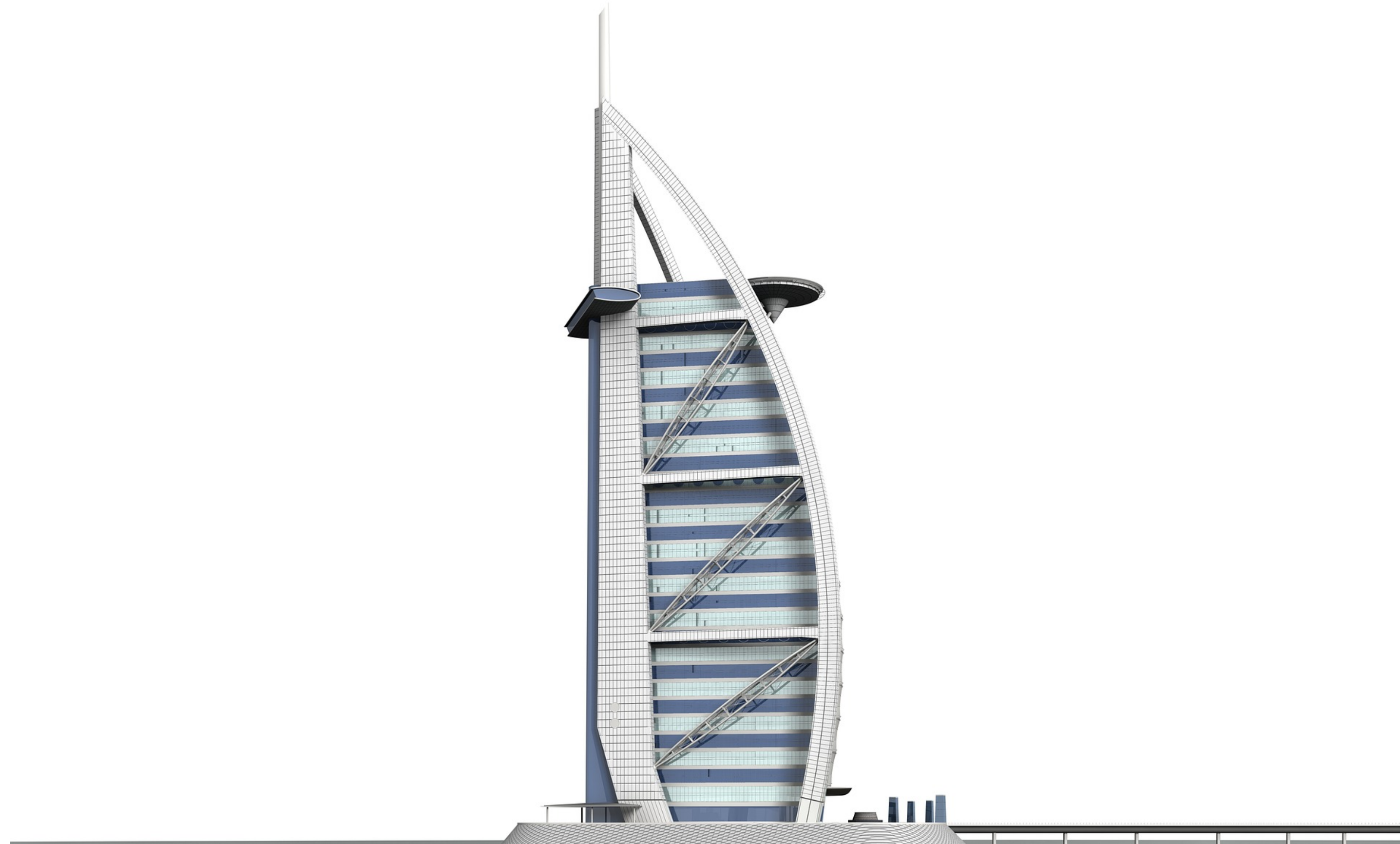
Consulting Firms - Resources

- ▶ Nominee directors

Consulting Firms - Detection Risks

- ▶ Avoid suspicion by keeping illicitly gained assets in an overseas bank account
- ▶ Banks' transaction analyses
- ▶ Authorities likely to become suspicious if the company has high revenues and very low expenses

Dubai



Dubai – General Suitability

- ▶ Placement/layering/integration
- ▶ Cash-intense city
- ▶ Offshore zones
- ▶ Well connected to the rest of the world
- ▶ Free trade zones in the United Arab Emirates (UAE)

Dubai – Concrete Steps

- ▶ Found a company in a UAE free trade zone
- ▶ Use nominee directors
- ▶ Open a bank account in the company's name
- ▶ Complex transaction details
- ▶ Be prepared to provide contracts and plausible explanations

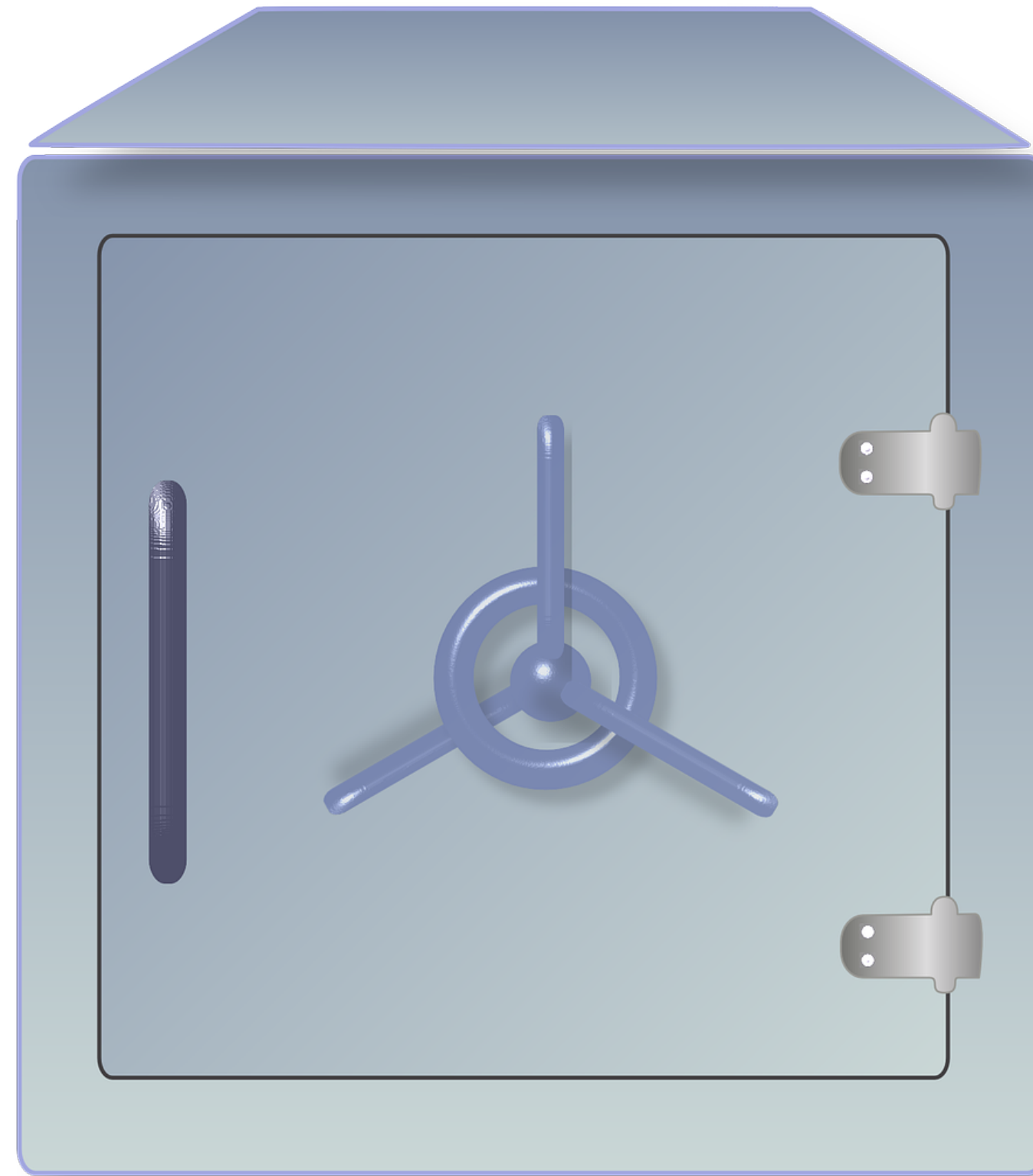
Dubai - Resources

- ▶ Discreet banks which offer minimal cooperation to authorities
- ▶ Incompetent or corrupt compliance departments

Dubai- Detection Risks

- ▶ Bank transaction analyses
- ▶ Inquiries by correspondent banks
- ▶ Whistleblowers

Deposit Boxes



Deposit Boxes – General Suitability

- ▶ Placement
- ▶ Sporadic or smaller stream of illicitly gained assets
- ▶ Secure
- ▶ Contents remain secret

Deposit Boxes – Concrete Steps

- ▶ Private deposit box companies are not required to identify depositors
- ▶ By passing the key to another criminal, the assets can be transferred without leaving the deposit box

Deposit Boxes - Resources

- ▶ Special resources are not required
- ▶ Obscure the origin of assets

Deposit Boxes – Detection Risks

- ▶ House Searches
- ▶ Inflation

Real Estate



Real Estate - General Suitability

- ▶ Placement/layering
- ▶ Multiple opportunities for money laundering

Real Estate - Concrete Steps

- ▶ Use companies with nominee directors
 - ▶ buy problematic real estate in big cities
 - ▶ properties needing renovation
- ▶ Companies can be financed by other offshore firms
- ▶ Portion of the price can be paid with illicitly gained cash
- ▶ Leads to tax benefits for both the buyer and seller
- ▶ Important to maintain plausibility
- ▶ Ensure that a substantial portion the purchase price is paid with clean assets
- ▶ Renovations can be a tool for money laundering
- ▶ Actually or fictitiously rent out the properties

Real Estate - Resources

- ▶ Properties needing renovation
- ▶ Selling parties
- ▶ Renovation firms eager to accept cash payments

Real Estate - Detection Risks

- ▶ Might attract the attention of tax departments or public notaries
- ▶ High-profile deals may attract attention through media coverage