

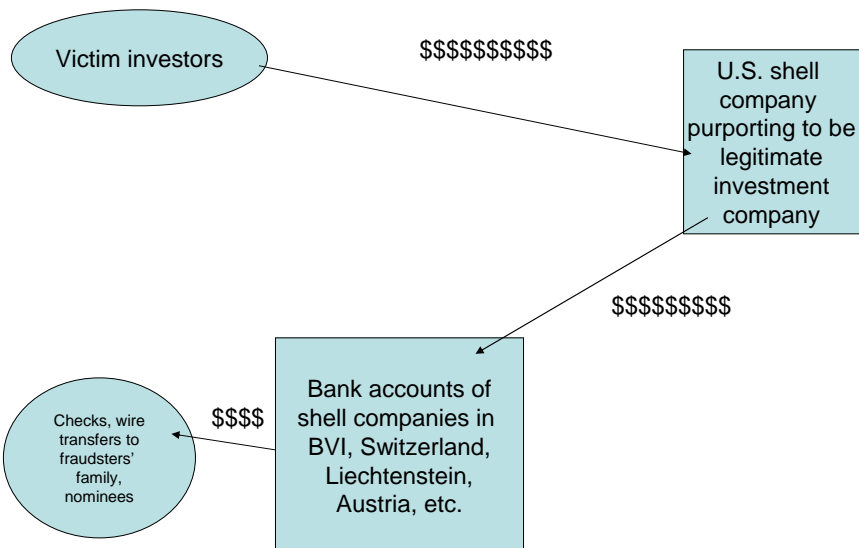
# SECURITIES FRAUD

- Shell corporations have been used to launder the proceeds of Ponzi schemes and “pump and dump” securities frauds.
- Investors are induced by sophisticated looking brochures and websites to rely on the representations of the crooked brokers (some of whom are unlicensed)
- Frequently, shell companies are opened in the U.S. and “subsidiary” shell companies are opened abroad

1

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## SECURITIES FRAUD HALLMARKS

- The shell companies used to facilitate the frauds and to receive the deposits had properly incorporated under the laws of the various foreign companies, but all had been opened within one year of the fraud.
- Corporate officers were all lawyers or accountants whose specialty was opening shell corporations.
- Large influx of checks and wire transfers from individuals.

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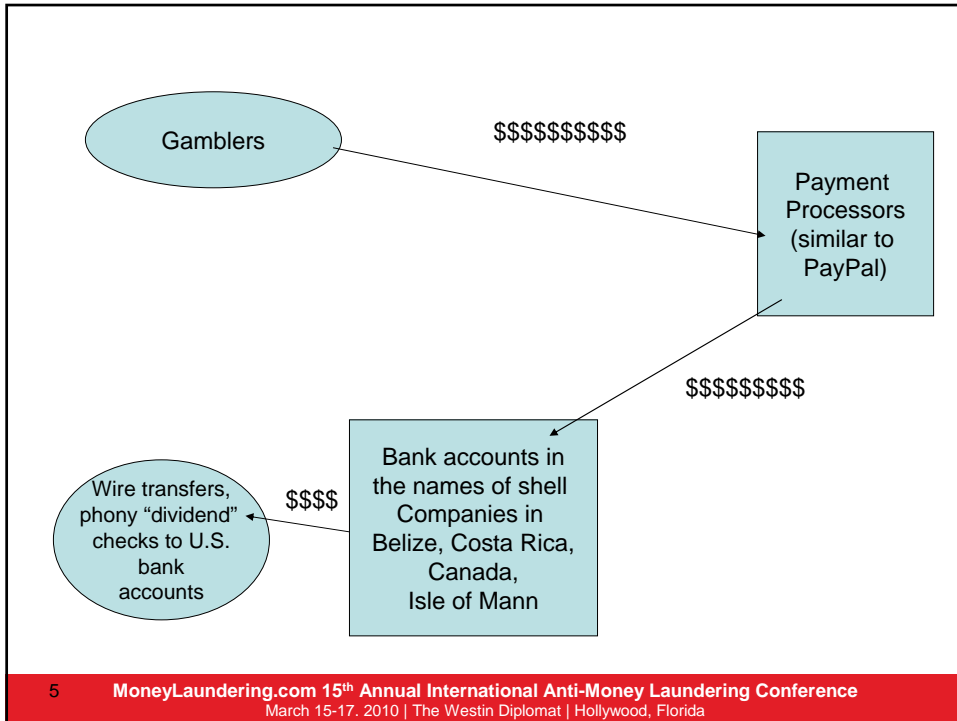
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## INTERNET GAMBLING

- Gambling is illegal under federal law if it is a crime under the laws of the state where the bets are placed or where they are received. 18 U.S.C. 1955.
- Has generated billions of dollars for Italian and Eurasian organized crime.
- U.S. law enforcement is presently targeting the companies who process the payment transfers, many of which utilize shell corporations.

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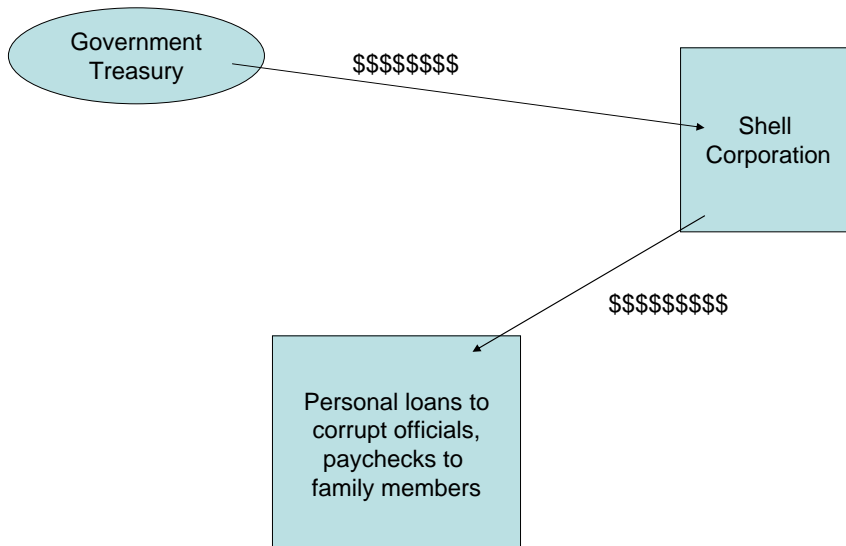
- ## INTERNET GAMBLING HALLMARKS
- Large amounts of international wire transfers to a company whose business description does not indicate that it does large volumes of business.
  - Accounts opened by business whose description is generic, such as "consultant."
  - Large amounts of international wire transfers to a company whose business description does not indicate that it does business internationally.
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# POLITICAL CORRUPTION

- Corrupt contract procurement officers create shell corporations.
- The corrupt officials then award government contracts to the shell corporation through a non-competitive bid.
- The corrupt officials then take the money out of the shell corporations through personal loans, paychecks to family members, etc.
- The contracted work is either never performed or done by non-union labor hired cheaply by the corrupt officials.

7

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## POLITICAL CORRUPTION HALLMARKS

- Account holder receives dividend checks or loans from companies which he is not a shareholder.
- Account holder is a government employee and the employee or family members receive checks or wire transfers from off-shore bank accounts.
- Account holder is a government employee and either the employee or a family member receive significant paychecks from a company with no website or Dun and Bradstreet entry.

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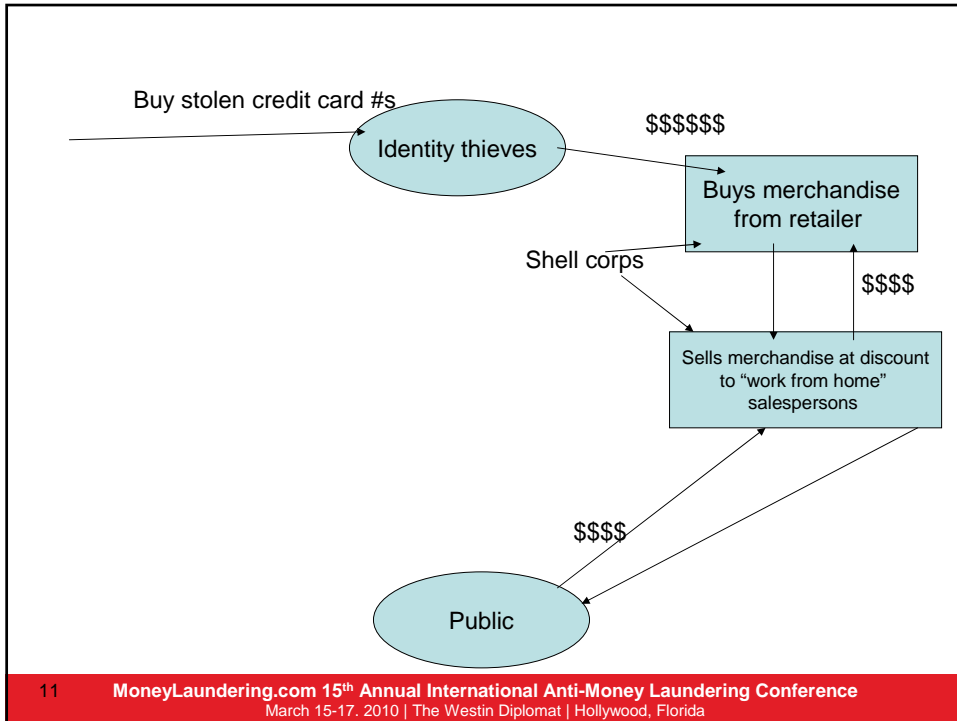
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## CYBER CRIME AND IDENTITY THEFT

- The criminals purchase stolen credit card numbers, which are e-mailed to them.
- The cards are used to purchase popular goods, such as electronic equipment, in the name of a shell corporation.
- These products are then sold at a discount to “work at home” e-mail salespersons, most of whom do not know that the products were acquired fraudulently.
- The products are then resold to innocent third parties.

10

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## IDENTITY THEFT HALLMARKS

- Company buys pre-paid cards from services selling them at three times the cost of buying them in the stores—hallmark of money laundering. These pre-paid cards are then used for anonymous domain registration.
- Numerous third party checks cashed or deposited.
- Regular wire transfers to companies that operate as unlicensed money remitters.

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