

# 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida

# Preventing Money Laundering in Political Processes

# 15th Annual International Anti-Money Laundering Conference

March 15-17, 2010 | The Westin Diplomat | Hollywood, Florida



Criminal organizations seek to use their money to influence politicians in or running for office around the world.

This creates a risk financial institutions must watch for: people who have not yet been elected but who have received donations from illicit or questionable sources.

The U.S. government is paying renewed attention to political action committees and potential finance abuses – something financial institutions that have PAC clients must be aware of.

Learn what you need to know about these issues and how to address the challenges this activity creates for financial entities, electoral authorities and law enforcement.



John J. Byrne, CAMS, Executive Vice President,  
Association of Certified Anti Money Laundering  
Specialists (ACAMS)



John Kancans, Global AML Leader, GE Capital



Alberto Avila, CAMS, Director, COMLAFT

# Preventing Money Laundering in Political Processes



## BACKGROUND

# Preventing Money Laundering in Political Processes

<http://waelisaad.com/photos/Corruption/corruption-by-wael-saad-sma.jpg>



# Preventing Money Laundering in Political Processes

## SCENARIO

- Criminal organizations seek to influence politicians in or running for office around the world.
- New type of Politically Exposed Person: people who have not yet been elected but who have received donations from illicit sources.
- Challenges for financial entities, PAC'S, electoral authorities and law enforcement.



Ponder upon how to solve these situations

# ERRATIC INTERNATIONAL EFFORTS BY GOVERNMENTS, TREATIES AND ORGANIZATIONS

# Preventing Money Laundering in Political Processes

Illegal Resources



Protection

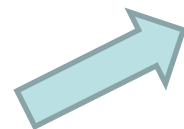
# Preventing Money Laundering in Political Processes



Illegal Resources



County Police  
Transit Police  
Permits  
Protection  
Legal sentences in a specific direction  
Local congress persons  
Political party members that can generate  
influence





Hot Spots, Issues and Red Flags

# FACTORS THAT GIVE ORIGIN TO VULNERABILITIES

# WELL BEING?



Money  
Laundering  
and  
Financing  
of  
Terrorism  
Regulation

The image shows an upward-pointing arrow. The background is a collage of US one-dollar bills. The bottom portion of the arrow is filled with a bright, glowing orange and yellow fire. The text is overlaid in a blue, serif font.



Electoral  
Regulation

The image shows an upward-pointing arrow. The background is a grayscale photograph of a person wearing a headset and working at a computer. The text is overlaid in a blue, serif font.



Faculties  
Of  
Authorities

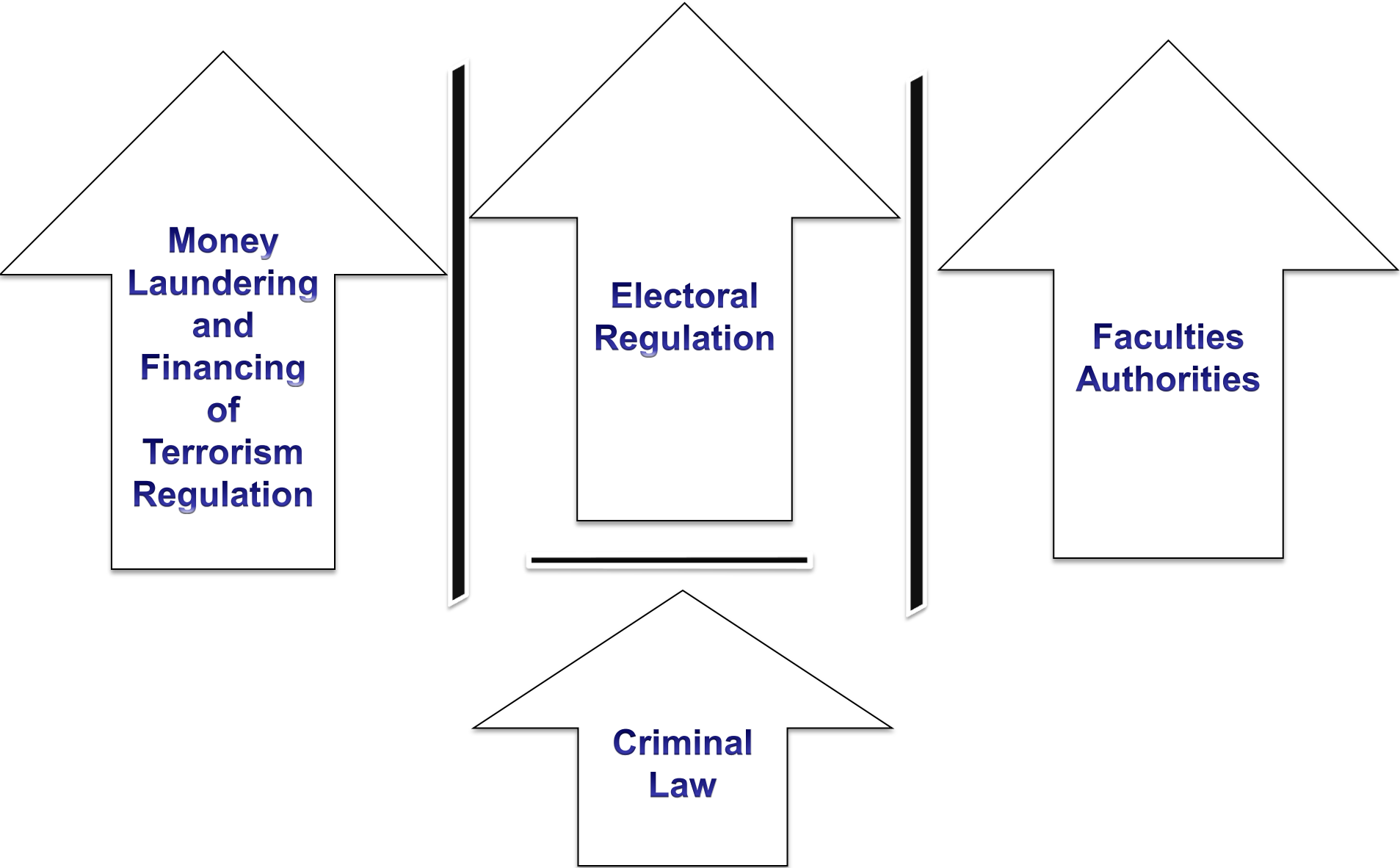
The image shows an upward-pointing arrow. The background is a photograph of several hands in dark suits holding wooden gavel handles. The text is overlaid in a blue, serif font.



Criminal  
Law

The image shows an upward-pointing arrow. The background is a dark, textured surface with a pair of silver handcuffs. The text is overlaid in a blue, serif font.

# THE TRUTH



# THE TRUTH



**THERE IS NO COMMON ELEMENT THAT COORDINATES EFFORTS AND ALLOWS LEGAL INTERACTION AND INTEGRATION!**

**THERE IS NO COMPREHENSIVE WORKING METHODOLOGY**

# WHAT MUST EXIST!





Democracy Risk Management, DRM Index, New PEP's, Know Your Government, Know Your Politicians, Know Your Elections

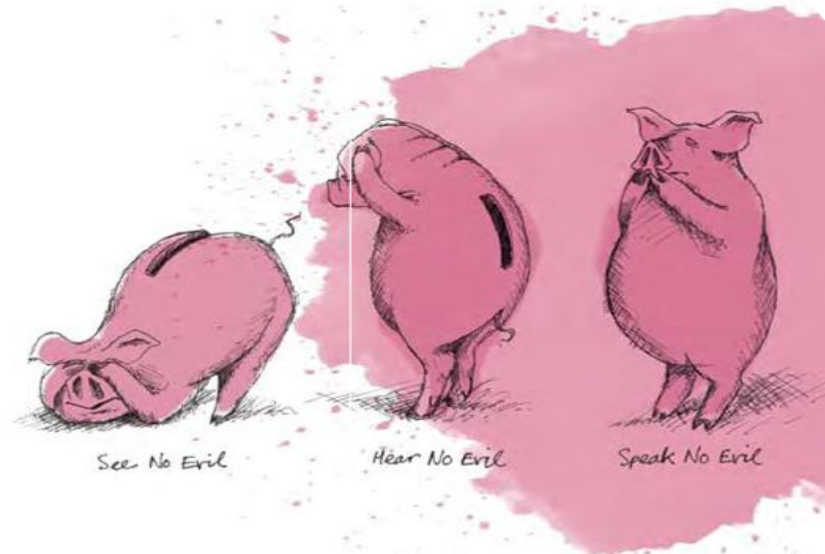
# NEW CONCEPTS, ACTIONS & DEFINITIONS

# Preventing Money Laundering in Political Processes

PEPS ,  
New PEPS?

What the ..... are we supposed to do with this?

# Preventing Money Laundering in Political Processes



**UNDUE  
DILIGENCE**

**UNDUE  
DILIGENCE**

# Preventing Money Laundering in Political Processes

**INNADEQUATE  
COMMUNICATION  
GENERATES  
PROBLEMS**



# Preventing Money Laundering in Political Processes



<http://i32.tinypic.com/iwrwbb.jpg>

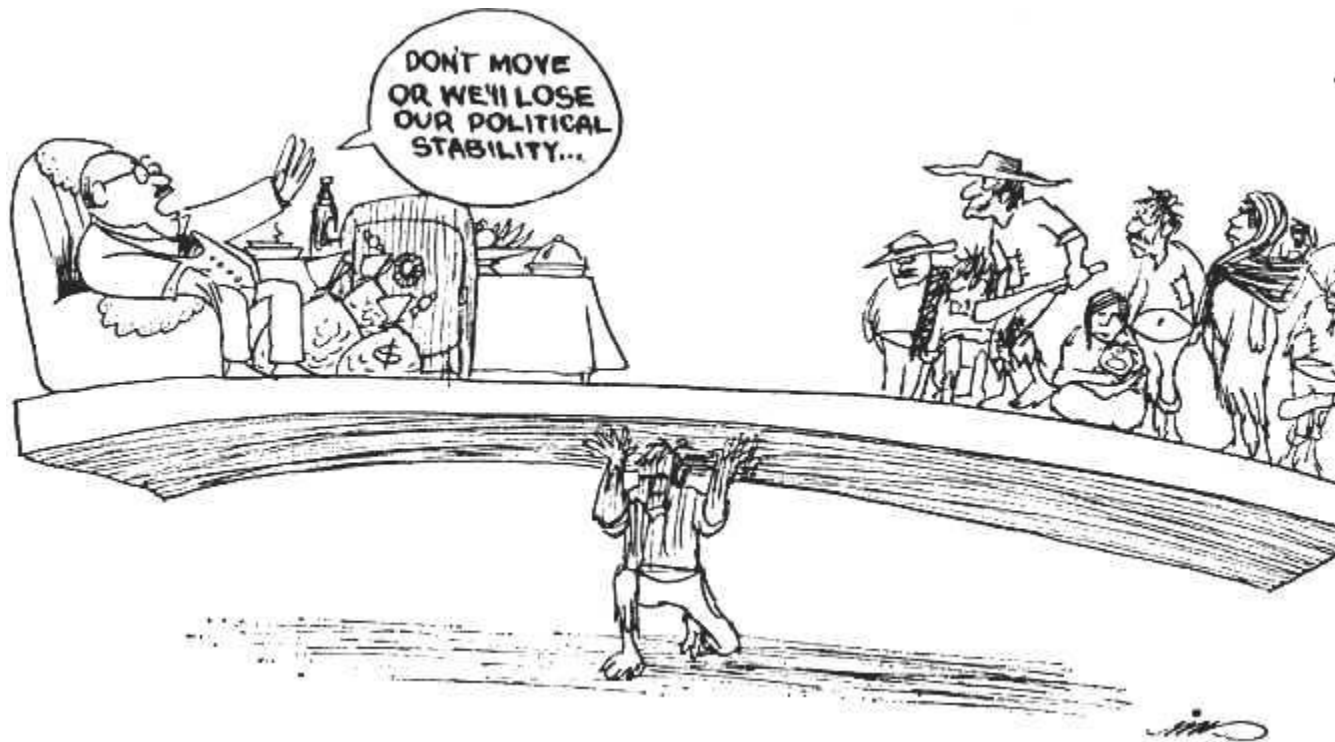
Ok.. we have noticed that while you are worried about high profile politicians...

we target low level government officials or politicians who can actually determine if a street or section of a city will be supervised or not...

Oh... we can also lobby...  
This is KYG Know Your Government

And we call it **OBTAINING LEVERAGE!!**

# Preventing Money Laundering in Political Processes



[http://images.google.com.mx/imgres?imgurl=http://www.marxists.org/subject/art/visual\\_arts/satire/rius/rius1.jpg&imgrefurl=http://www.marxists.org/subject/art/visual\\_arts/satire/rius/rius1.htm&usg=\\_\\_B-G4U31k6etpVMMYtMNbLsuVHuQ=&h=369&w=670&sz=36&hl=es&start=28&um=1&tbnid=-fQ\\_rLzlgDD7jM:&tbnh=76&tbnw=138&prev=/images%3Fq%3Drius%26ndsp%3D18%26hl%3Des%26rlz%3D1T4SKPB\\_esVE339VE339%26sa%3DN%26start%3D18%26um%3D1](http://images.google.com.mx/imgres?imgurl=http://www.marxists.org/subject/art/visual_arts/satire/rius/rius1.jpg&imgrefurl=http://www.marxists.org/subject/art/visual_arts/satire/rius/rius1.htm&usg=__B-G4U31k6etpVMMYtMNbLsuVHuQ=&h=369&w=670&sz=36&hl=es&start=28&um=1&tbnid=-fQ_rLzlgDD7jM:&tbnh=76&tbnw=138&prev=/images%3Fq%3Drius%26ndsp%3D18%26hl%3Des%26rlz%3D1T4SKPB_esVE339VE339%26sa%3DN%26start%3D18%26um%3D1)

# Preventing Money Laundering in Political Processes

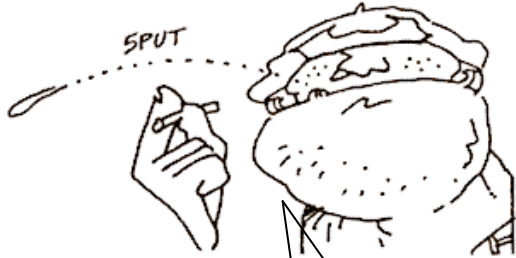
- **Management of legal and reputational risk**
- **PEP Databases:** Screening (prospective) customers against a database of PEPs. If you are in a high risk area you need to check.
- **Adverse Public Information:** Searching for negative news on (prospective) customers (e.g. news alert)
- **Enhanced Due Diligence Reports:** Your analysis needs to be documented



<http://i32.tinypic.com/iwrwbb.jpg>

# Preventing Money Laundering in Political Processes

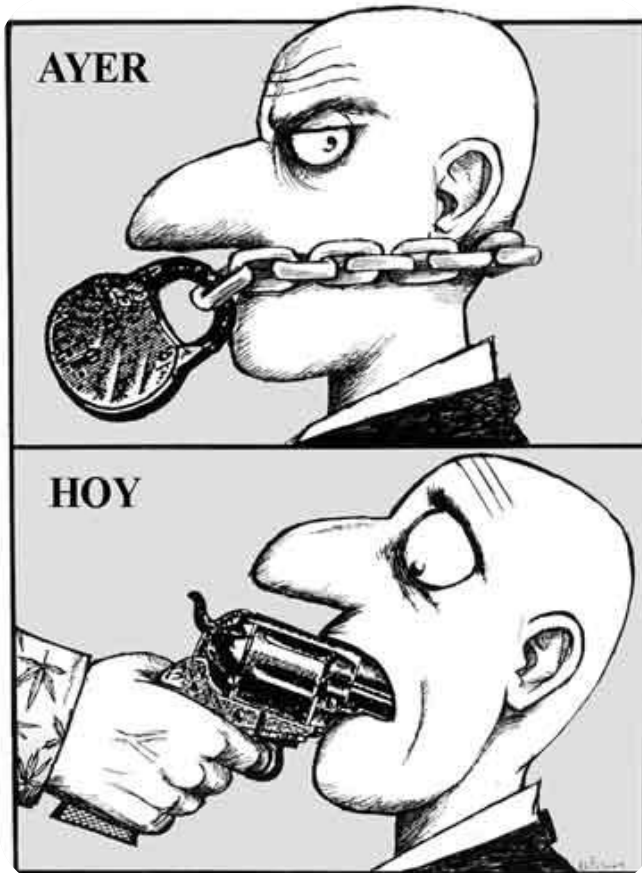
<http://i32.tinypic.com/iwrwbb.jpg>



Did you get it!!!

- **Electoral Authorities and Political Parties:** should develop specific policies and procedures.
- **New entities should report to FIU's.**
- **Know your market = Know Your Politics**
- **New regulation to share info between authorities should be enacted**

# Preventing Money Laundering in Political Processes



**IT IS ALL ABOUT  
TRANSPARENCY,  
AND TOTAL AND  
REAL OPENING**

# Q&A