

# 15th Annual International Anti-Money Laundering Conference

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[www.ChaseAndAssociates.com](http://www.ChaseAndAssociates.com)

# THE MONEY LAUNDERING REPORT CARD

**USA vs. TRAFFICKERS**

\$1,000,000,000    \$400,000,000,000

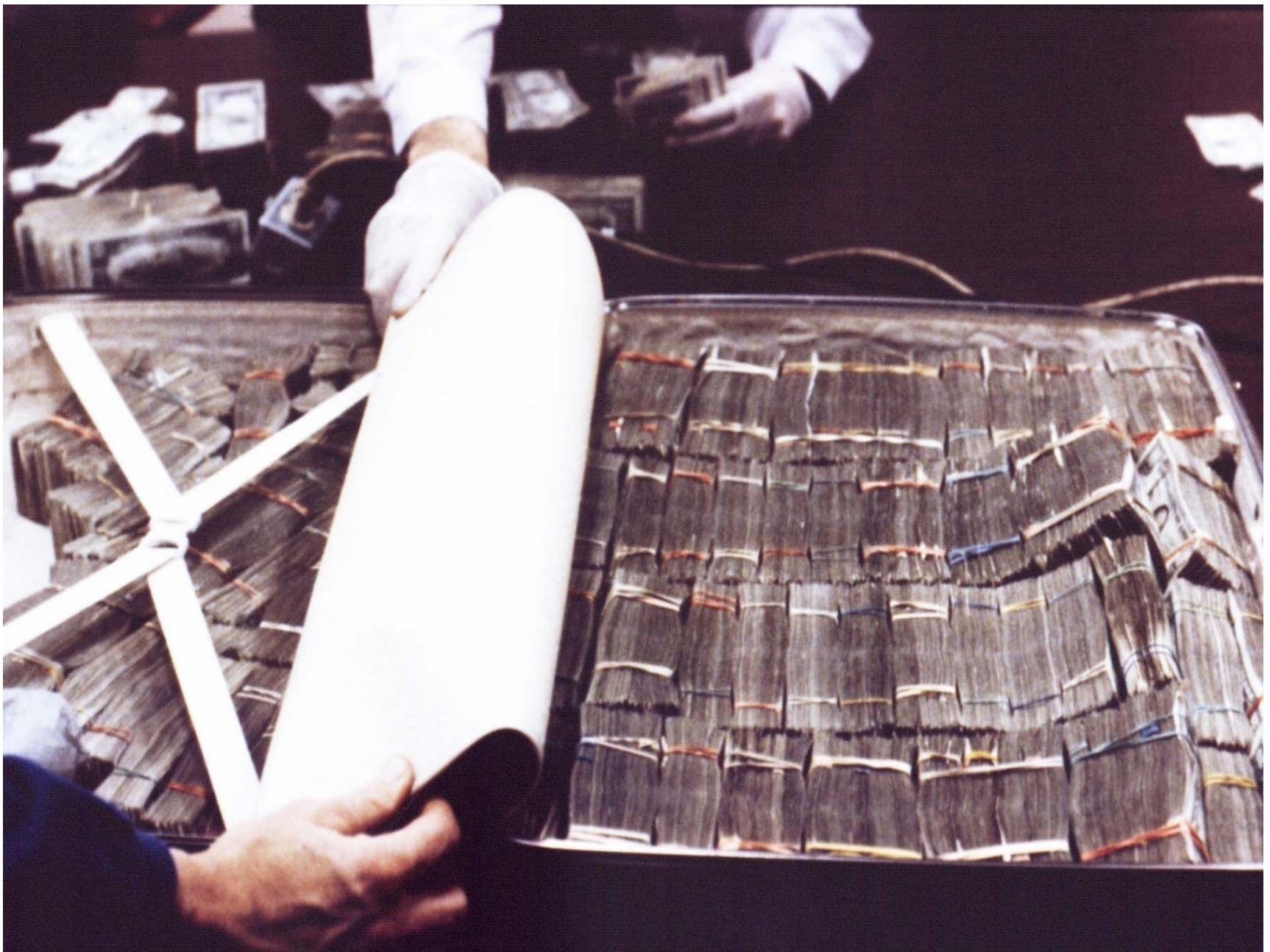
**F = 1/4 of 1%**

# PASS REVERSE DUE DILIGENCE TO ACQUIRE ACCESS

- Investment Co. - Florida
- Mortgage Co. – Florida
- Jewelry Store Chain – East Coast
- Private Air Charter Svc. – Florida
- Brokerage Firm – NYSE Seat
- Italian/American OC Association
- Tampa & Miami homes
- Rolls Royce, Jaguar, Mercedes, etc.







# DIRECTOR OF PANAMANIAN BANK GLOBAL FREE ZONE ENTREPRENEUR

- Respected in banking, business and political circles of Panama
- Through free zones around the world, injected illegal proceeds into legitimate markets (30 day turn around):
  - Food goods
  - Cigarettes
  - Emeralds
  - Petroleum
  - Automobiles
- Contacts global (Panama, U.S., Switzerland, Netherlands, Russia, Italy, Cuba, Abu Dhabi, Bahrain, Dubai)
- Cash for
  - Colombian pesos
  - Commercial goods
  - Precious metals / precious stones
  - Other currencies worldwide

# BLACK MARKET MONEY EXCHANGES

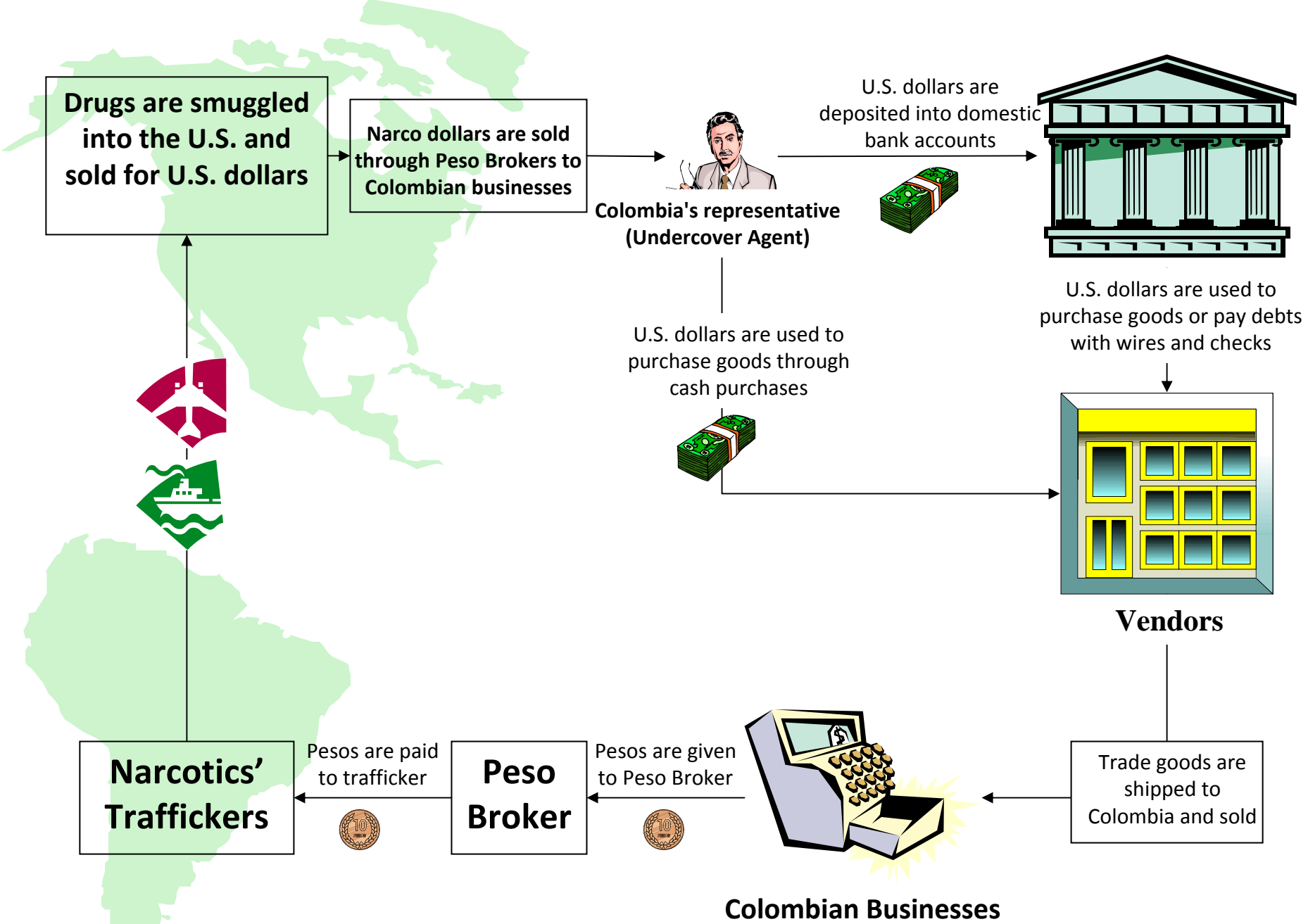
## ECONOMICS 101

+ SUPPLY OF  
DOLLARS

Earn U.S. dollars through  
illegal acts in the U.S.  
but live in other country

- DEMAND FOR  
DOLLARS

Tax/duty  
evaders with other  
currency who  
seek U.S. dollars to buy  
legal goods



# RED FLAGS OF BLACK MARKET CHECKS

## Checks contain:

- Multiple style of entries
  - Handwritings vary
  - Inks vary
  - Contain type & writing
- Contain odd symbols
  - Rabbit/Smurf/Turtle
- Tape over amount

## Customer payments:

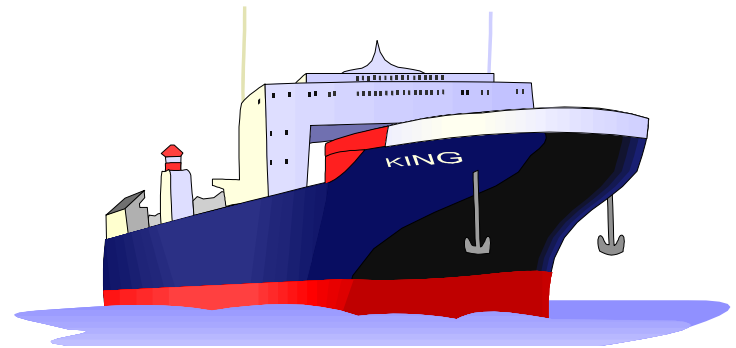
- From multiple third party accounts
- From multiple sources:
  - Money Orders/Travelers Checks/Cashiers Checks
- From unrelated jurisdictions
- From haven countries



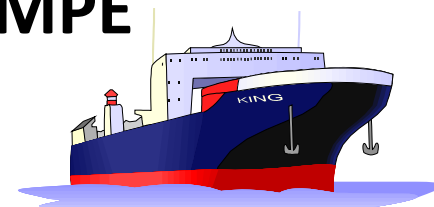
# ACQUIRING PESOS WITHOUT THE BMPE

## REINTEGROS

- Government export incentive
  - Immediate exchange (30 day max.)
  - Best exchange rate – Tasa Representativa Mercado (TRM) or market value
  - Value added reward of 2%
- Key elements
  - Export front
  - Document of Exportation – Issued by DIAN
  - Local banker (often corrupted)
  - Funds flow: Payment to correspondent bank for credit to local branch and account of exporter or agent



# ACQUIRING PESOS WITHOUT THE BMPE



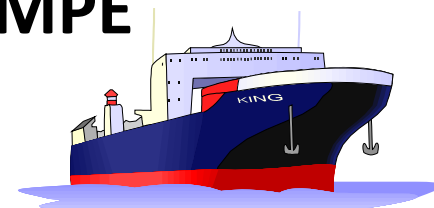
## REINTEGROS – EXAMPLE #1

- Legitimate coffee broker exports \$150 million per year
- **Volume of exports over valued 20% - (price per unit not inflated)**
- \$30 million extra revenue available for repatriation
- Exporter charges broker/trafficker 5% +
- \$1.5 million off-book revenue to exporter (\$30 million x .05)

## RED FLAGS

1. Payments re the 20% overvalued portion come from multiple 3<sup>rd</sup> parties unrelated to buyer
2. At times 20% overvalued portion paid to different entity
3. Trace back often leads to business with high risk, smurfing, \$ deposits
4. Vetting of Document of Exportation leads to inconsistencies re \$ flow

# ACQUIRING PESOS WITHOUT THE BMPE



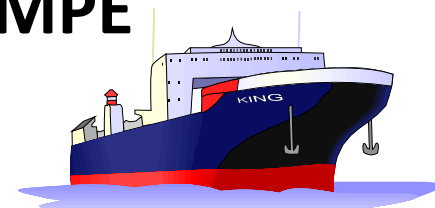
## REINTEGROS – EXAMPLE #2

- Legitimate coffee broker exports \$150 million per year
- Volume and pricing of exports valued properly
- 50% of the export revenue is not repatriated
- Exporter charges broker/trafficker 5% +
- \$3.75 million off-book revenue to exporter (\$75million x .05)

## RED FLAGS

1. Payments re the 50% substitute portion comes from multiple 3<sup>rd</sup> parties unrelated to buyer
2. At times 50% substitute portion paid to different entity
3. Trace back often leads to business with high risk, smurfing, \$ deposits
4. Vetting of Document of Exportation leads to inconsistencies re \$ flow

# ACQUIRING PESOS WITHOUT THE BMPE



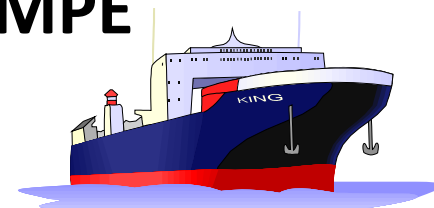
## REINTEGROS – EXAMPLE #3

- Export company relatively new
- Officers / Directors of export company cloned from real identities
- **DIAN officer modifies Document of Exportation after goods are exported**
- DIAN officer directly involved and receives 3% + payoff

## RED FLAGS

1. Trace back: Payments from multiple 3<sup>rd</sup> parties unrelated to buyer
2. Trace back: Leads to business with high risk, smurfing, \$ deposits
3. Vetting of Document of Exportation / due diligence raises questions:
  - Identity of officers / directors of export company
  - Export capacity vs. export revenue
  - Identity / capacity of domestic buyers

# ACQUIRING PESOS WITHOUT THE BMPE



## REINTEGROS – EXAMPLE #4

- Local Branch Manager opens parallel bank account to legitimate exporter
- Local **Branch Manager paid 3% + kickback** on all funds moved
- **Settles transfers against the same Declaration of Exportation** used legally through business
- Automated checks and balances supposedly established within DIAN to identify

## RED FLAGS

1. Payments from multiple 3<sup>rd</sup> parties unrelated to buyer
2. Trace back often leads to business with high risk, smurfing, \$ deposits
3. Identity of officers / directors of export company not consistent with company filings
4. Due diligence with true exporter would confirm payments unrelated