OECD International Academy for Tax Crime Investigation

*Managing Financial Investigations*
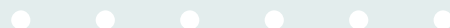
OECD

# Subject Profiling

Olivia Okello, CPA(K)
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GDF, Ostia, Italy

# Elements of Investigation

- **Identification of Problem/Offence/Crime**
- **Establishment of the essential facts**
- Identification of potential sources and location of information e.g. complainant, victim, selection of investigations methods
- **Gathering of facts proving guilt, linking evidence to the offence/crime**
- Preservation of Information and Physical Evidence
- Re evaluation and Re investigation

# Financial Profiling

*Gathering of information about the financial affairs of entities of interest, to understand their nature, capabilities, schemes and predict their intentions.*

# Financial Profile

- We use a financial profile to:
  - Record and document findings, enquiries undertaken and those that are outstanding.
  - Identify all financial interest of a subject
  - Identify all business aspects of a subject
  - Identify domestic and international interests
  - Identify 3$^{rd}$ party interests
  - Identify gaps in knowledge.

# Financial Profile

- Collectors and Investigators need to obtain information and financial data on targets to ensure that reliable, admissible evidence is secured for trial.

- Collectors gather and record all basic information related to the target within the case folder and ensure that it is regularly updated.

- While investigators gather and prepare evidential material for court proceedings
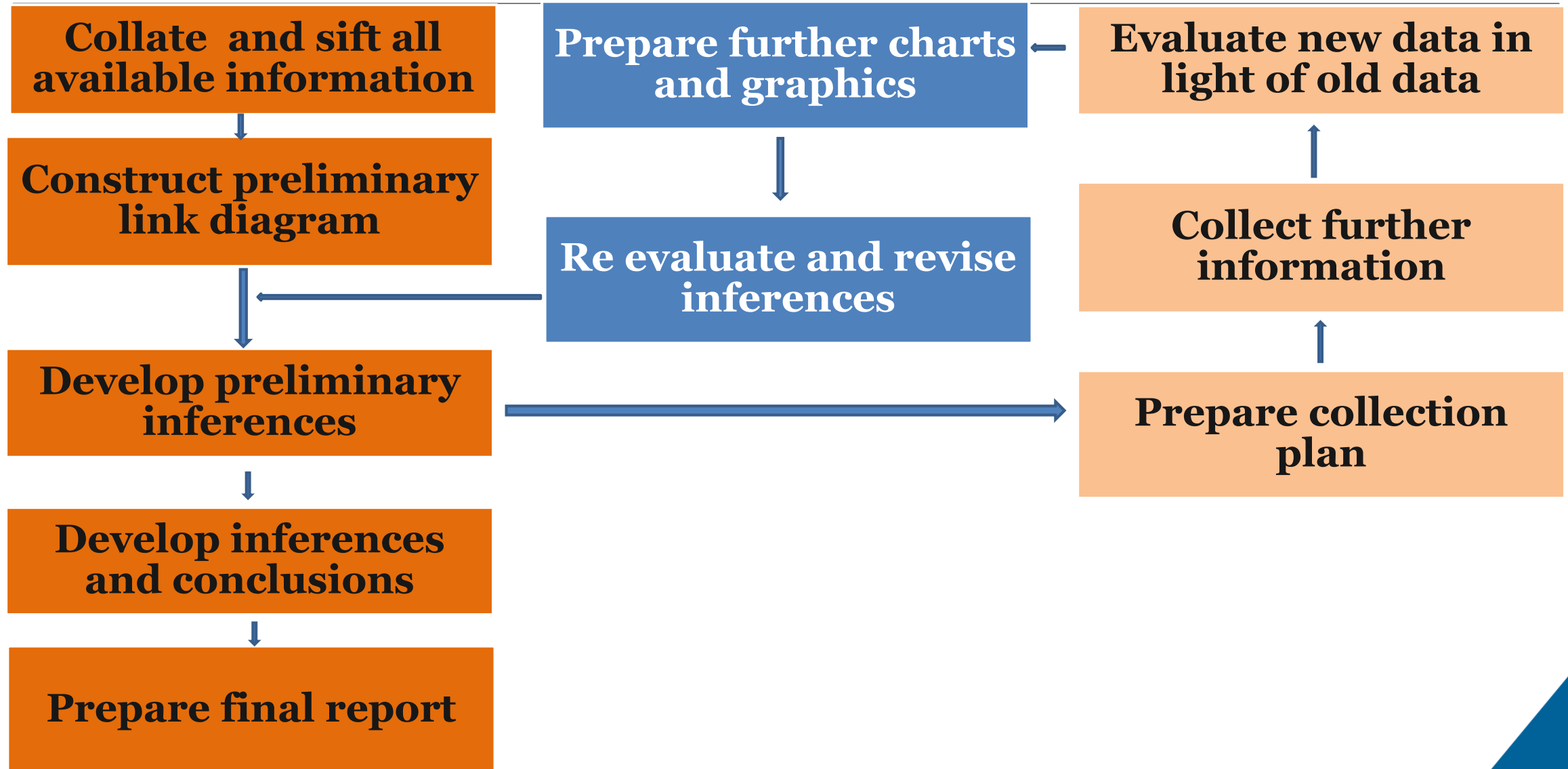
# Subject Profiles

- A good profile should fuse all available data sources to provide a single, unified view for the entire subject by connecting financial data with other structured and unstructured data, such as travel itineraries, shipping manifests, tax filings, invoices, company registries, and more.

- NB: Treat it as a living documents and update it regularly

# Developing a Subject's Profile - Process

**Collate and sift all available information**

**Construct preliminary link diagram**

**Develop preliminary inferences**

**Develop inferences and conclusions**

**Prepare final report**

**Prepare further charts and graphics**

**Re evaluate and revise inferences**

**Evaluate new data in light of old data**

**Collect further information**

**Prepare collection plan**

# Developing a Subject's Profile - Process

i. Receipt of Request, Complaint, Intelligence

ii. Internal Check of any previous reports

iii. Data and Information Integration

iv. Analysis

v. Reporting and Dissemination

# Developing a Subject's Profile

- Internal Databases – tax fillings, wealth declarations…???
- External Data Bases
- Financial Records – Banks, FRC/FIU, Currency declarations, Currency Exchanges
- International Sources
- OSINT
- Surveillance and Asset Tracing
- Lifestyle Investigations – Social life, Spending patterns, cubs subscriptions, children's schools

| Example: Allan Nyakundi A002994665P - A PIN | Timeline | Frequency | Total Cost to engange (KES) |
|---|---|---|---|

| | |
|---|---|
| Segment: | Individual |
| Status: | Non-compliant |
| Visibility: | Registered, non-active |
| T-History: | Nil Filing |
| Income Annual: | |
| Declared; | 1,000,000 – 10,000,000 |
| Declared; | 8,000,000 – 11,000,000 |
| Age: | 63 |
| Gender: | M |
| Occupation: | Auditor |
| Education: | B.Sc. / M.Sc. |
| Religion: | Christian |
| Race: | African (Black) |
| Nationality: | Kenyan (Natural) |
| County: | Kirinyaga |

ITAX AND OTHER IN-HOUSE DATA SOURCES ONLY

$1,956Mn

Example: Segment Tier 2A;                    14,667

Business Case

Sample Collected Revenue:          KES 210,114,667,005

1.  Figure: 360 Degree Taxpayer Profiling Sample Dashboard

# Taxpayer Profile 2 – Holistic View

| Example Allan Nyakundi<br>A002994665P - A PIN | | | Timeline | Frequency | Total Cost to engange (KES) |
|---|---|---|---|---|---|

| | | | | | | THIRD PARTY DATA SOURCES (TPDS) |
|---|---|---|---|---|---|---|
| Segment: | Individual | Country O.R.: | Dubai | | | |
| Status: | Non-compliant | City/Town O.R: | | | | |
| Visibility: | Registered, non-active | Population: | | | | KNBS |
| T-History: | Nil Filing | Area Density: | | | | CAK |
| Income Annual: | | Climate: | | | | MNOs |
| Declared; | 1,000,000 - 10,000,000 | Language(s): | | | | Professional Orgs |
| Intuitive; | 20,000,000 - 43,000,000 | Social class | | | | Posta |
| Expense Annual: | | Lifestyle: | Core Urban | | | NSSF |
| Declared; | 8,000,000 - 11,000,000 | | Tertiary Urban | | | KPLC |
| Intuitive; | 23,000,000 - 61,000,000 | | Sub-Urban | | | CBK |
| Obligations: | | | Contemporary Urban | | | CRB |
| Loanbook; | 66,887,987 | | Alternative Urban | | | CBC |
| Trans.Hist; | 442,000,433 | | Organic Urban | | | Survey of Kenya |
| Category: | TIER 2A (HNWI) | | Classic Urban | | | County |
| Age: | 63 | Personality: | | | | NIS |
| Gender: | M | AIO: | | | | NPS |
| Family Assc.: | 4 | Concerns: | | | | ODPP |
| Life cycle: | Self actualisation | Personality: | | | | EACC |
| Occupation: | Auditor | Values: | | | | Immigration (IPRS System) |
| Operation: | Private Sector-Construction | Attitudes: | | | | DCI |
| Education: | B.Sc. / M.Sc. | Benefit Sought: | | | | Drone Mapping |
| Religion: | Christian | Usage & Intent: | | | | FMCGs e.g. Bidco, Unilever |
| Race: | African (Black) | User status: | | | | |
| Generation: | Y | Usage rate: | | | | |
| Lifestage: | Retired-Active | Loyalty status: | | | | |
| Nationality: | Kenyan (Natural) | Readiness stage: | | | | |
| County: | Kirinyaga | Engagement: | | | | |
| | | Attitude toward service being provided by KRA: | | | | |

Example: Segment Tier 2A;  203,110

**Business Case**

Sample Potential Yield Revenue:  KES 1,600,927,013,612

# $14,906Mn

# **Subject Profiles Report**

The following details are critical in a subject's profile;

- Name (including aliases), date, and place of birth of target; copies of birth certificates; and passports and national identity cards

- Names (including aliases) and dates and places of birth of spouses, children, parents, new partners (if divorced or separated), siblings, spouses of siblings, immediate relatives (uncles, aunts, cousins, grandparents, grandchildren), and spouses' relatives, if relevant for the case.

# Subject Profiles Report

- Relevant telephone numbers (business, home, mobile), email addresses, and any other contact details which, in some jurisdictions, may be obtained from subscriber information provided to an internet service provider (ISP)

- Recent photographs of all targets and associates (including government issued identification)

- A fingerprint card

- Results of a criminal record search

# Subject Profiles Report

- Academic records, employment history, and association memberships
- Results of public-source searches on targets, associates, and affiliated companies, using internet search engines, social media sites, local and international media reports, and libraries
- Information from government agencies
- Salary statements of the subject from a relevant government employer, if applicable

# Subject Profiles Report

- Real estate records including purchase agreements, mortgages, loan applications, and appraisals
- Information identifying banks or bank accounts and other entities that may hold business records.

- NB: Check relevance to case/investigations

# Tech Sample Intelligence Profile - Nexyte

**Profile Checklist**

1. **Summary**
   ☐Brief description about the nature of business operations, place of business taxpayer's age, (for individual), and period business has been in operation, nature of supply, name of clearing agent, major clients of the business
   - Nature of the scheme i.e. Motor vehicle fraud, Tax evasion, money laundering, missing trader, missing importer, etc.

   ☐Summary of findings.

2. **Basic Information**

   ☐Taxpayer Details – Business Registration Number

   ☐Reference number

   ☐Address, station, registration and commencement date, physical location, tax exemption status,

   ☐ Sector/industry (business activity).

   ☐Accounting Period

   ☐Tax Obligations - registration and commencement date

   ☐Source of information – Self, sector profiling, informers, Partner Government Agencies (PGAs)

   ☐Directors – Itax Vs Registrar of companies, Names, Pins, dates of birth, associated directorship/Persons

   ☐Company's Auditors

3. **Associated Businesses/Entities**
   ☐List of associated businesses and directors

4. **Customs Activities**
   ☐Imports and exports – Nature of goods, nature of importation (camouflaging importers), period of importation, value, F147s issued, and any previous customs related issues raised.

5. **Tax Compliance Status**
   a) **Company**

   ☐Income Tax Company- Year by Year analysis

   ☐Income Tax Withholding – Declaration

   ☐VAT –Filing, Payment, disclosure, detailed analysis/trends, withholding VAT, general, zero rated, special rates and exempt sales

# CASE STUDIES

Taxpayer Profiling

# Domestic Taxpayer Profile - Humint

Profile on Customs

**Weight**

Site Visit

**Cover Story - Bond Check**

**Staff Question**

**Weight Misdeclaration**

**Anonymous email**

**KRA,**
**"In wake of tax evasion and investigation that is going on, and to help build my country Kenya , would like to bring** to your attention…."

**Comprehensive Findings/Taxpayer Profile**

# Site Visit Findings





WhatsApp Video 2022-01-03 at 19.06.59.mp4

# Subject Profile

https://businesstoday.co.ke/mabati-factory-ceo-in-court-over-sh900m-tax-fraud-case

Charged with 11 counts

# Case Study 2: International Profile Case

- https://nation.africa/kenya/business/court-freezes-flutterwave-s-45-bank-accounts-in-betting-fraud-claim-4269270

  *source: Nation Media Africa*

- https://www.businessdailyafrica.com/bd/corporate/technology/court-releases-sh6-6bn-nigerian-payment-firm-flutterwave-4139678:

  *Source: Business Daily Africa*

# Case Study 2: International Profile Case

- What lines of Enquiry would you pursue as an investigator in the above case? Offences/Crimes

- What agencies or institutions would you rely on for information and or evidence to support your inquiry?

- From our previous session, which financial analysis techniques would you employ in profiling this case?

- What are the envisioned challenges in the investigation of the above case?

Feedback Session