



OECD Africa Academy for Tax and Financial Crime Investigation

Cash Economy Investigations and an Insight into Crypto Assets



Effective Use of Intelligence in Financial Investigations

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July, 2024

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NARRATIVES MATTER:

*Data isn't just numbers; it's stories
waiting to be told.*

**HOW CONVINCING IS YOUR CRIME
STORY?**



Learning Objectives

01

Intelligence Evaluation

02

Analysis Methodologies

Financial Analysis
Follow the Money

03

Integration/Collation

04

Reporting Dissemination

Subject Profile





Analysis and Production Elements

Intelligence Evaluation

Assessment of reliability and quality of information.

Source rating

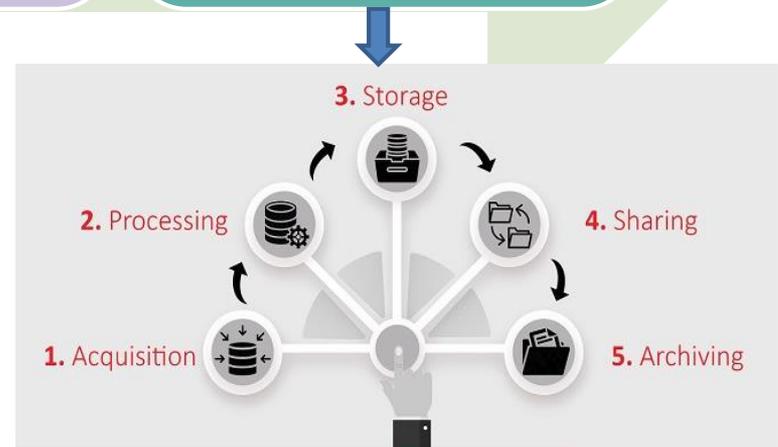
Analysis

Examination to make meaning;
Look for indicative elements,
links and associations.

Consider forensic examination,
expert examiners

Collation

Storage, Chain of
Custody(chronologies),
Working Documents(to
do lists)





Evaluation Considerations

What do you have???

–Is it information?

–Is it intelligence?

–Is it Evidence?



Intelligence Evaluation

- The careful examination of information to discover its Meaning and essential features;
- Involves
 - Data Integration - combining information from different sources in preparation for the formulation of inferences.
 - Interpretation/Logical Reasoning – making Inferences



Intelligence Evaluation

- Requires Scrutiny of all intelligence and/or evidential material gathered.
 - Has all the material been gathered?
 - What is the worth of the material gathered?
 - What other lines of enquiry can be pursued?
 - What lines of enquiry can be closed?
 - Are there other considerations? Think Trial



Common Evaluation Considerations

- Accuracy – Support Allegation
- Sufficient - Comprehensive
- Reliable - Dependable
- Relevant – Supports the facts alleged
- Representative - Whole
- Admissible – Think Evidence



Analysis Methodologies



Intelligence Analysis

Intelligence analysis aids investigations by;

- Helping to target available resources,
- Identifying information gaps,
- Focusing the investigation more clearly and prevent straying into areas of no relevance.
- Helping to avoid duplication of effort.



Financial Analysis

- Financial analysis techniques can help investigators discover and examine unexpected relationships in financial information.
- Analytical procedures are based on the premise that relatively stable relationships exist among economic events

Nb: You must know or have an idea of the economic relationships!

- Unexpected deviations in relationships most likely indicate errors, but also might indicate illegal acts or fraud that require further investigations.



Financial Analysis Techniques

- Comparative Techniques – Third party data sets, Sector disparities
- Financial Relationships – Ratio Analysis
- Unexpected Relationships – Missing Trader Schemes, trend analysis
- Two main criteria used in Financial Analysis
 - *Direct methods*
 - *Indirect methods of proof*



When To Use Indirect Method?

- Books and records are not available or are inadequate
- The subject is accumulating assets which can not be explained by declared incomes.
- The subject is spending money beyond declared incomes
- The subject is depositing funds in bank accounts which cannot be traced to their declared sources
- There are indicative tests that can be done to help you decide whether an indirect method should be used
 - bank deposit analysis;
 - drawings analysis;
 - rough net worth; and
 - ratio analysis.



Financial Analysis Methodologies

- **Cash flow/Money Flow analysis**
- **Net worth Analysis** - Simply put, is the amount by which the assets of a person/entity exceed the liabilities.
- **Source and Application Analysis/Expenditure Approach** - Comparing money earned (Source) and money spent (Application).
- **Financial Statement analysis, check out for;**
 - Overbilling Schemes
 - Ghost Employees
 - Fictitious Expenses
 - Off book payments
 - Capital and Financing Components



Financial Analysis – Indirect methods

- **LIFESTYLE AUDITS!**
- **The percentage markup method**
- **The unit and volume method** (input output method/Instrumentation)
- **Business Profile Analysis** – how is the organization legally structured



Source & Application – Case Study 2

- Corruption Case – Mr. Obiero



Follow the Money

- Following the money isn't easy — often by design
- It encompasses an analysis of:-
 - Source of the money
 - Movement of money , and
 - Its use
- An Investigator should;
 - **Identify & Document** Movement of money
 - Plot the **Time line** of money movement
 - Demonstrate that the money flows from unknown sources - from economic crime
 - Provide evidence of unlawful conduct



Basic Rule: Follow the Money

- Where did it come from?
- Who deposited?
- Who withdrew?
- Where did it go?
- How long in account?
- ATM location?
- Amounts involved?



Document Analysis

- Data pertinent to the analysis of the criminal enterprise or suspected criminal activity is frequently voluminous, and varied in form.
- The basic problem for intelligence analysts is putting this data together in an organized way so that the extraction of meaning from the assembled information is made easier.
- Document Collection: Gather relevant documents – they serve as the foundation for the investigation, offering insights into financial transactions and potential discrepancies

Document Analysis - Considerations

- Identification of documents
- Resources Required for retrieval and analysis
 - Search warrants
 - Transcription and Translation
- Chain of Custody
- Certifications required
- Presentation

Truck load of documentary evidence in Electoral Petition





Document Analysis

Document Analysis Methodologies:

- Semiotics - signs and symbols and their use or interpretation. *Emojis*
- Discourse analysis – Content(what's said) and Structure (how its said)
- Conversation analysis – Gaps and Discrepancies
- Interpretive Analysis – Establishing links, drawing conclusions
- Grounded Theory – Analyze documents based on pre determined ideas



Data and Information Integration



Data Integration

Various tools and techniques include:

- Financial profiling—to identify concealed income of individuals or business entities and to identify indicators of economic crime
- Link charting—to show relationships among entities featuring in the investigation
- Event charting—to show chronological relationships among entities or sequences of events
- Commodity flow charting—to explore the movement of money, narcotics, stolen goods or other commodities
- Activity charting—to identify activities involved in a criminal operation
- Frequency charting—to organize, summarize and interpret quantitative information
- Data correlation—to illustrate relationships between different variables



Collation - Evidence Matrix

Is a key investigative work product that;

- Focuses - ensures that the investigation remains focused and that the investigative steps being undertaken are directed at gathering evidence relevant to the alleged crime(s)
- In the initial stages, the evidence matrix looks to identify evidence the investigator has obtained and how it aligns with the elements of a criminal offense. The evidence matrix exercise helps identify those gaps and focus the subsequent work to be undertaken.
- As the case develops, the same matrix is then used to summarize the evidence relevant to each element being proved and to provide a cross-reference to the exhibits supporting or providing that evidence.
- It is also used to brief newly assigned investigators as well as management on the progress of the investigation.



Collation - Evidence Matrix

Example of an Evidence Matrix

| Example of an Evidence Matrix | | | | | | |
|-------------------------------|--|---|----------------------------------|-------------------------------------|---------------|-----------------------|
| Allegation | | (Who is under investigation and a brief description of the allegation being investigated) | | | | |
| Offense | | Bribery by a Public Official (short title) | | | | |
| Section | | (Section of the legislation) (Penalty) | | | | |
| | Element | Avenue of Enquiry | Task | Who | When | What |
| 1 | An Official (What is the definition of “an official” in the law being applied?) | Government gazette showing appointment as official | Obtain certified copy of gazette | Name of person to undertake enquiry | When assigned | Offender |
| 2 | Corruptly accepts or obtains (What is the definition and legal interpretation of “corruptly,” “accepts,” and “obtains?”) | | | | | Scheme/Modus Operandi |
| 3 | Any bribe for himself or any other person (What is the definition of a “bribe” and “any other person?”) | | | | | Money/Asset/Gift |
| 4 | In respect of any act done or omitted: (What is the definition of “any act done” or “omitted?”) | | | | | Specific Activity |



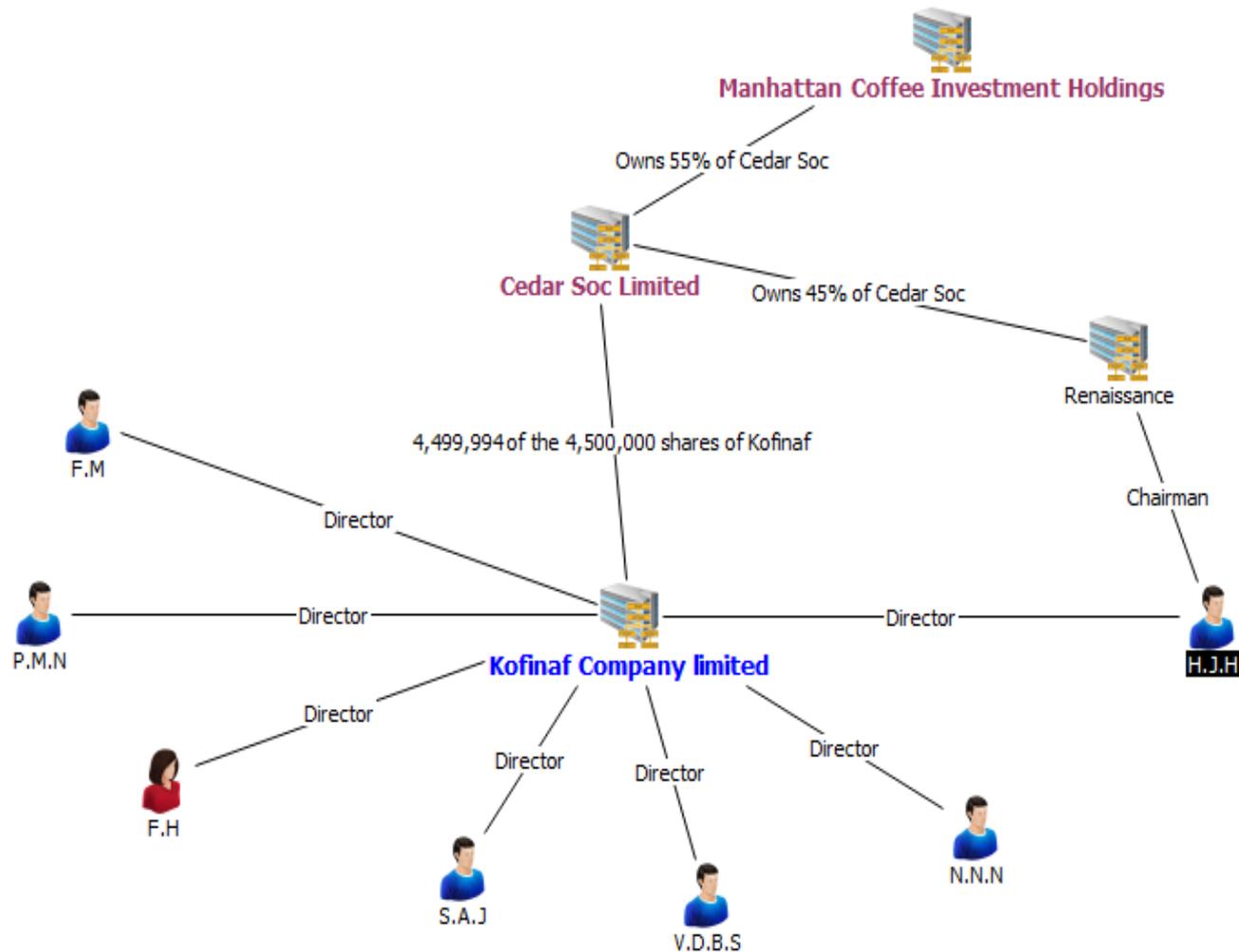
Tools for Data Visualization and Analysis

Free Tools vs Purchased Tools

- i. Ms Excel
- ii. Oracle Business Intelligence, Case ware Idea
- iii. Tableau: <https://www.tableau.com/products/desktop/download>
- iv. <https://clipchamp.com>, Movieclips.com
- v. yEd: <https://www.yworks.com/products/yed>
- vi. IBM i2® <https://www.ibm.com/security/resources/demos/i2-analyze-demo/>



Link Charting





Intelligence Reports

- Report must be **accurate, clear, relevant** and **timely**.
- **Consider:**
 - Format: Intelligence Summaries/Reports/Oral Briefing
 - Supporting materials – Recorded Statements, Evidential Matter, Emails, Pictures, samples, exhibits
 - Classification of Intelligence material (Restricted, Confidential, Internal, Public)
 - Legal considerations for written reports – libel, privacy, privileges, disclosure



Reporting & Dissemination

Report Structure

- An executive summary of the findings of the analysis.(BLUFF)
- An overview of the allegations with the answers to those questions pertinent from the previous list of linkage issues.
- A link chart or series of charts, depicting the targets.
- Biographical summaries on each investigation target and potential target.
- Conclusions about the target.
- Recommendations for further tactical or strategic action, including a list of questions to be answered, and
- The possible sources of information (highlight intelligence gaps).

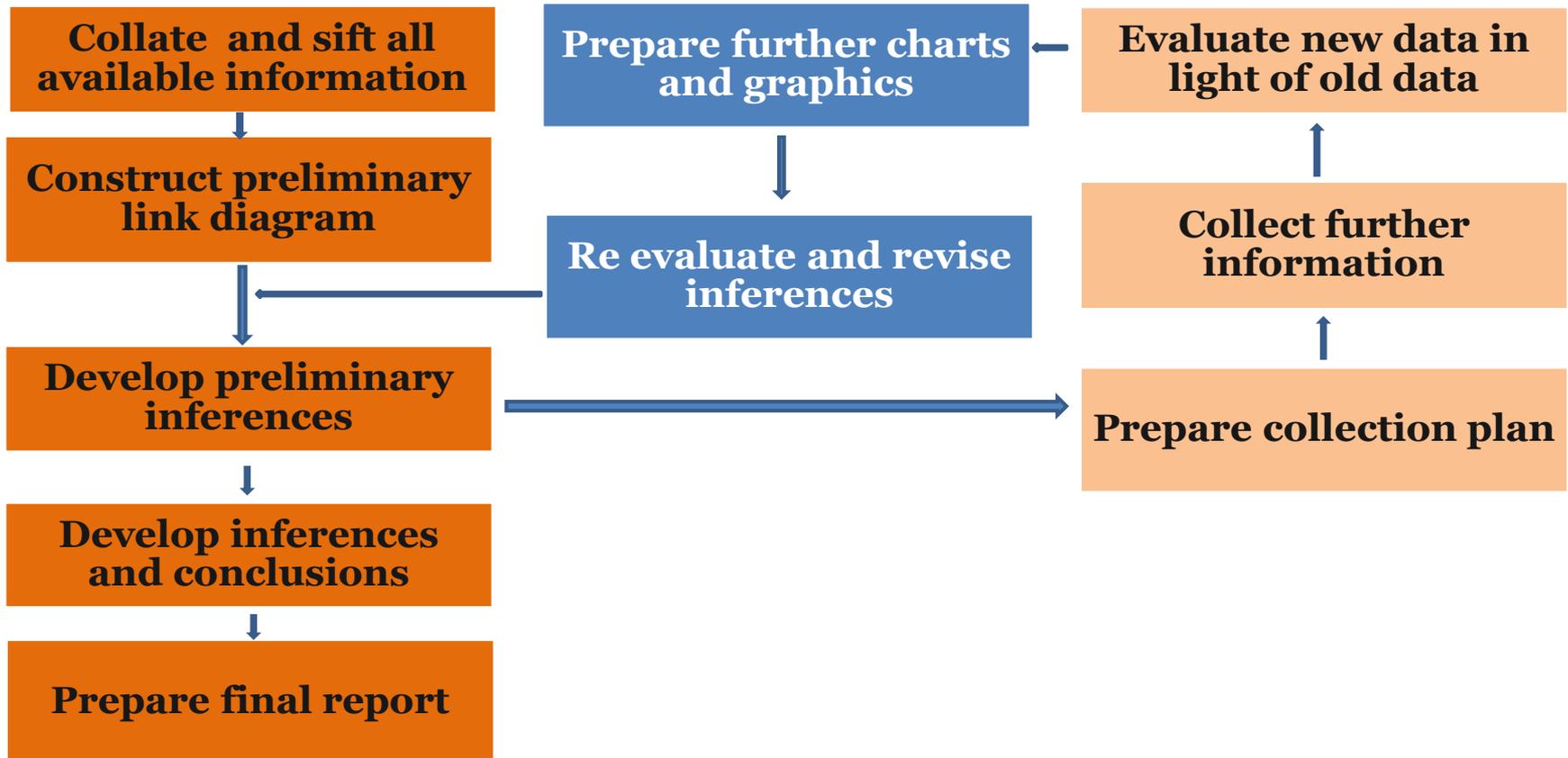


Subject Profiles

- 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





Developing a Subject's Profile

- Internal Databases – tax filings, 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, clubs subscriptions, children's schools



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



Sample Taxpayer Profile





Remember!



Take Note

- When collecting intelligence, Have the end in mind – Intelligence led Investigations/audits.
- Chain of Custody – Don't loose case due to improper evidence acquisition and handling!
- Your report should provide a clear picture of the offender or the *modus operandi* or the matter under review.
- Ensure you have a feedback mechanism



Test the validity of Inferences

Always bear in mind that the material gathered in an investigation is open to challenge. Therefore;

- Self Review: Check your work
- Peer Review:- Get opinion from colleagues
- Expert review:- Run it by an expert
- Formal review:- If complex case run it by qualified officers
- Confer with the Prosecutor in pre-trial



Additional Material

- There is always the possibility that new material will become available at any time even after drafting of charge which may affect the outcome of the case.
- Any new material ‘intelligence and/or evidential material’ should be scrutinised to ensure it will be available to the courts in an evidentially acceptable format
- Always provide for inclusion of additional information even after dissemination of report/commencement of case work.



Admissibility of Intelligence as Evidence

- Take note that NOT all intelligence material will pass the evidence test
- Forethought and planning will maximise the amount of material available that will be accepted as evidence - Think trial
- All ‘evidential material’ should be scrutinised to ensure it will be available to the courts in an evidentially acceptable format.
- Indicate limitations to the use of intelligence if any e.g.
“The information provided through this form shall be used for Intelligence Purposes only and shall not be used or disseminated for evidential or judicial purposes”



FEEDBACK SESSION