

Cash Economy – Investigative Techniques

Al Capone – Downfall

America Made

Introduction into Cash Economy:

- **Part 1 - traditional cash businesses**
- **Part 2 - cash business or cash-system used for other activities**
 - **Part 2 Focus on ML**
- **Part 3 - Risk indicators**
- **Part 4 - Detection**
- **Part 5 - Investigative Techniques**
- **Part 6 - Money Laundering**

Practical Exercise:

- **Please define the 3 most risky cash economy or related areas in your countries (as explained in Part 1,2,3)!**
- **Explain the related problems of detecting – investigating - finishing the cases!!**
- **What could be defined as risk indicators?**

Part 1:

What is traditional cash economy – cash business?

The majority of turnover is generated with cash payments!

Cash business „risk“ areas:

- **Open markets**
- **Newly founded companies**
- **Tourist sector – Hotels / Bars / Red Light Districts / Restaurants / Dancing Bars /**
- **Groceries, retail stores, supermarkets**
- **Agricultural product sellers (farmers/...)**
- **Construction sector**

Related problems:

- **Any kind of products / services possible**
- **Usually services / products meant for final consumers**
- **Cash is not traceable**
- **No crosscheck possibility – leak of info**
- **No regular prices – quality, region, other price influences**
- **Apparently small businesses – front stores**

Related problems:

- **No tax files – non declaration of taxes**
- **Non regulated markets**
- **International approaches**
- **No bookkeeping**
- **Use of front persons / strawmen**
- **Fast business – different locations**
- **No or not so high gains in general**
- **Organized structures**

Part 2:

cash business or cash-system is used for other activities“criminal“?

Use of at least one or more business sectors for criminal activities related / linked to / with cash-money!

Part 2:

The cash-payment-system itself is used for other criminal activities!

- Different payment platforms**
- Currency exchange**
- E-commerce system (B2B payments..)**
- Etc.....**

Cash business „risk“ areas:

- **Open markets**
- **Newly founded companies**
- **Tourist sector – Hotels / Bars / Red Light Districts / Restaurants / Dancing Bars /**
- **Groceries, retail stores, supermarkets**
- **Agricultural product sellers (farmers/...)**
- **Construction sector**

Cash business „risk“ areas:

- **All traditional cash economy, cash business areas as described in Part 1!**
- **All related problems**

Related problems:

- **No tax files – non declaration of taxes**
- **Non regulated markets**
- **International approaches**
- **No bookkeeping**
- **Use of front persons / strawmen**
- **Fast business – different locations**
- **No or not so high gains in general**
- **Organized structures**

Other criminal activities:

- **Money laundering – trade based / merchant based (B2B payments)**
- **Covering / hiding illegal income**
- **Bribery and corruption**
- **Tax fraud out of other non cash related activities**
- **Terrorist financing**
- **Fraud in other areas**

The Cash system:

- **Use of cash payments**
- **Different systems**
- **Mixture of using the different systems**

- **eG for Fraud / etc**

Risk Areas:

- **Non-regulated, alternative payment platforms based on cash payments – Western Union, Hawala...**
- **E-commerce B2B system**
- **But also all the cash business areas described in Part 1**

Part 2: Focus on money laundering:

Laundering of illegal money

Use of (semi-) legal business

- **Mix of legal and illegal gained money (Service businesses are best suited to this method - little or no variable costs and/or a large margin between revenue and variable costs)**

Part 2: Focus on money laundering:

Laundering of illegal money

Use of digital electronic money

- **electronic money provides as easy a method of transferring value without revealing identity, especially wire transfers involving anonymity-protecting numbered bank accounts – e.g. Liberty Reserve**

Online gaming/ - gambling

- **E.G Second Life and World of Warcraft, it is possible to convert money into virtual goods, services, or virtual cash that can later be converted back into money**

Part 2: Focus on money laundering: **Laundring of illegal money**

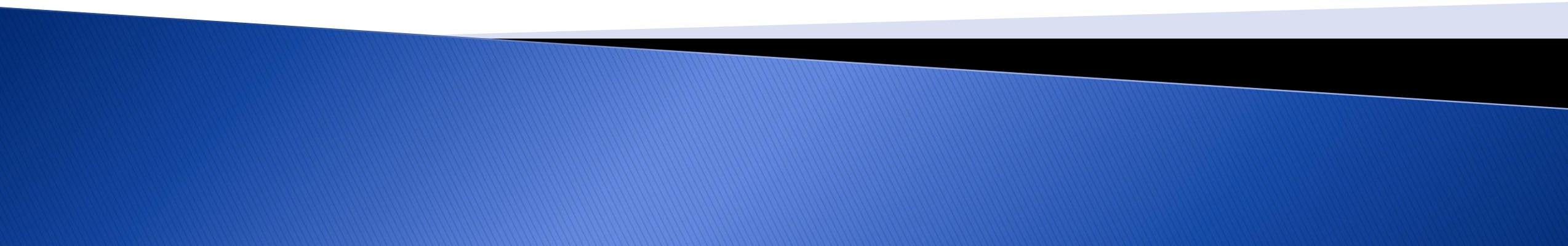
Reverse money laundering

- **Reverse money laundering is a process that disguises a legitimate source of funds that are to be used for illegal purposes – eg collecting of funds for terrorist financing purposes**

Part 3 - Risk Indicators:

- **Business areas themselves**
- **Comparison business to business**
- **Single products, goods, services,**
- **Way of doing business – the flow of business**
- **Non regulated markets/payments/systems**
- **Location of business**
- **Compliance behaviour**
- **.....**

Risk Indicator Topics

- **Techniques to find risk indicators**
 - **Accounting and financial risk indicators**
 - **Risk indicators and challenges specifically in the cash economy**
 - **How to find Information – techniques, sources, databases**
 - **Profiling models – how to identify potential cases**
- 

Part 4 - Detection possibilities:

What do you think are the detection possibilities?

How do investigation units get notice of risk areas/problems/cases?

Group discussion!

Detection possibilities:

- **Informants**
- **Whistleblower**
- **Self case detection by evaluation of general infos – intelligence units**
- **Audit activities**
- **Random case selection in risk areas**
- **Investigative techniques**

Part 5 - Investigative Techniques eG:

- **Audits – get knowledge about the business**
- **Surveillance, observation after getting notice of business**
- **Information exchange national/internat.**
- **Inter-agency co-operation police / customs / industry or business areas**
- **Digital techniques**

Digital Techniques:

- **Margin comparison**
- **Gains comparison**
- **Business figures at all**
- **Cost structures compared – eg employees visa turnover**
- **Special different business database-crosschecks of databases**

Other / New Digital Techniques:

- **Visualization of business figures**
- **Technical check tools / for failure detection out of high volume data bases – Monetary Unit Sampling**
- **Summarised Risk Audit (SRP) based on the principle of a
„Time Series Analyses“**

Examples for Other / New Techniques :

Definition MUS – Monetary Unit Sampling:

MUS

Monetary Unit Sampling, also known as probability proportional-to-size (PPS) or dollar unit sampling (DUS), is a statistical sampling method used to determine if the account balances or monetary amounts in a population contain any misstatements. Each individual dollar (i.e. monetary unit) in the population is considered a sampling unit, thus account balances or amounts in the population with a higher value have a proportionately higher chance of being selected.

Examples for Other / New Techniques:

Definition SRP Summarized Risk Audit

SRP = Time Series Analysis

Any metric that is measured over regular time intervals forms a time series. Analysis of time series is commercially important because of industrial need and relevance especially w.r.t forecasting (demand, sales, supply etc).

Examples for Other / New Techniques:
SRP Summarized Risk Audit
Case example

- **Hotel with restaurant**
- **Outside area**
- **Christmas celebrations**
- **New year celebrations**
- **Additional participation on different markets**

Examples for Other / New Techniques:

SRP Summarized Risk Audit

Invoice database out of hotel software

1	Invoices 1.01.2016 bis 31.12.2016)														
2	Invoice Nr	Sender	Receiver	Amount	Payed	Amount	VAT	Tax %	Reduction	Reduction %	Date of Invoice	Payment	Kind of booking	Invoice	Status
3	97893	Blanco GbR		80,00 €	- €	80,00 €	5,23 €	7	0	0	01.01.2016		ZE	RECH	O
4		007 4	Übernachtung	- €	1,00 €	- €	- €	7	Nein		28.12.2015	29.12.2015			
5		007 4	Einzelzimmer	40,00 €	1,00 €	40,00 €	2,62 €	7	Nein		30.12.2015	30.12.2015			
6		007 4	Einzelzimmer	40,00 €	1,00 €	40,00 €	2,62 €	7	Nein		30.12.2015	30.12.2015			
7	97894	Hieble		180,00 €	- €	180,00 €	11,78 €	7	0	0	01.01.2016		ZE	RECH	O
8		004 4	Übernachtung	90,00 €	2,00 €	45,00 €	5,89 €	7	Nein		14.12.2015	16.12.2015			
9		005 4	Übernachtung	90,00 €	2,00 €	45,00 €	5,89 €	7	Nein		14.12.2015	16.12.2015			
10	97895	Cargo Bos Transporten B.V.		1.650,00 €	- €	1.650,00 €	107,94 €	7	0	0	01.01.2016		ZE	RECH	O
11		Verans	Veranstaltung	- €	1,00 €	- €	- €	7	Nein		01.01.2016	02.01.2016			
12		Verans	Wohnung	1.500,00 €	1,00 €	1.500,00 €	98,13 €	7	Nein		01.01.2016	01.01.2016			
13		Verans	zusätzl. Zimm	150,00 €	1,00 €	150,00 €	9,81 €	7	Nein		01.01.2016	01.01.2016			
14	97896	Hilgen e.K.		1.350,00 €	- €	1.350,00 €	88,32 €	7	0	0	01.01.2016		ZE	RECH	O
15		Veran2	Veranstaltung	- €	1,00 €	- €	- €	7	Nein		01.01.2016	02.01.2016			
16		Veran2	Übernachtung	1.350,00 €	30,00 €	45,00 €	88,32 €	7	Nein		01.01.2016	01.01.2016			
17	97897	Janssen Reisen Wittmund Gr		1.170,00 €	- €	1.170,00 €	76,54 €	7	0	0	01.01.2016		ZE	RECH	O
18		Warte1	Warteliste 1	- €	1,00 €	- €	- €	7	Nein		01.01.2016	02.01.2016			
19		Warte1	Übernachtung	1.170,00 €	26,00 €	45,00 €	76,54 €	7	Nein		01.01.2016	01.01.2016			
20	97898	Kuznetsov		80,00 €	- €	80,00 €	6,18 €	8,37	0	0	01.01.2016		ZE	VISA	O
21		008 4	Übernachtung	70,00 €	1,00 €	70,00 €	4,58 €	7	Nein		01.01.2016	02.01.2016			
22		008 4	Frühstück	10,00 €	2,00 €	5,00 €	1,60 €	19	Nein		01.01.2016	02.01.2016			
23	97899	Soijka		95,00 €	- €	95,00 €	7,63 €	8,73	0	0	02.01.2016		ZE	EC-KAR	O
24		003 4	Übernachtung	80,00 €	1,00 €	80,00 €	5,23 €	7	Nein		01.01.2016	02.01.2016			
25		003 4	Frühstück	15,00 €	3,00 €	5,00 €	2,40 €	19	Nein		01.01.2016	02.01.2016			
26	97900	Kleeberger		150,00 €	- €	150,00 €	12,17 €	8,83	0	0	02.01.2016		ZE	VISA	O
27		010 5	Übernachtung	125,00 €	1,00 €	125,00 €	8,18 €	7	Nein		01.01.2016	02.01.2016			
28		010 5	Frühstück	25,00 €	5,00 €	5,00 €	3,99 €	19	Nein		01.01.2016	02.01.2016			
29	97901	Regenbogen-Reisen		4.530,00 €	- €	4.530,00 €	449,03 €	11	0	0	02.01.2016		ZE	RECH	O

Examples for Other / New Techniques:

SRP Summarized Risk Audit

Invoice database out of hotel software

Import in summarized risk audit tool

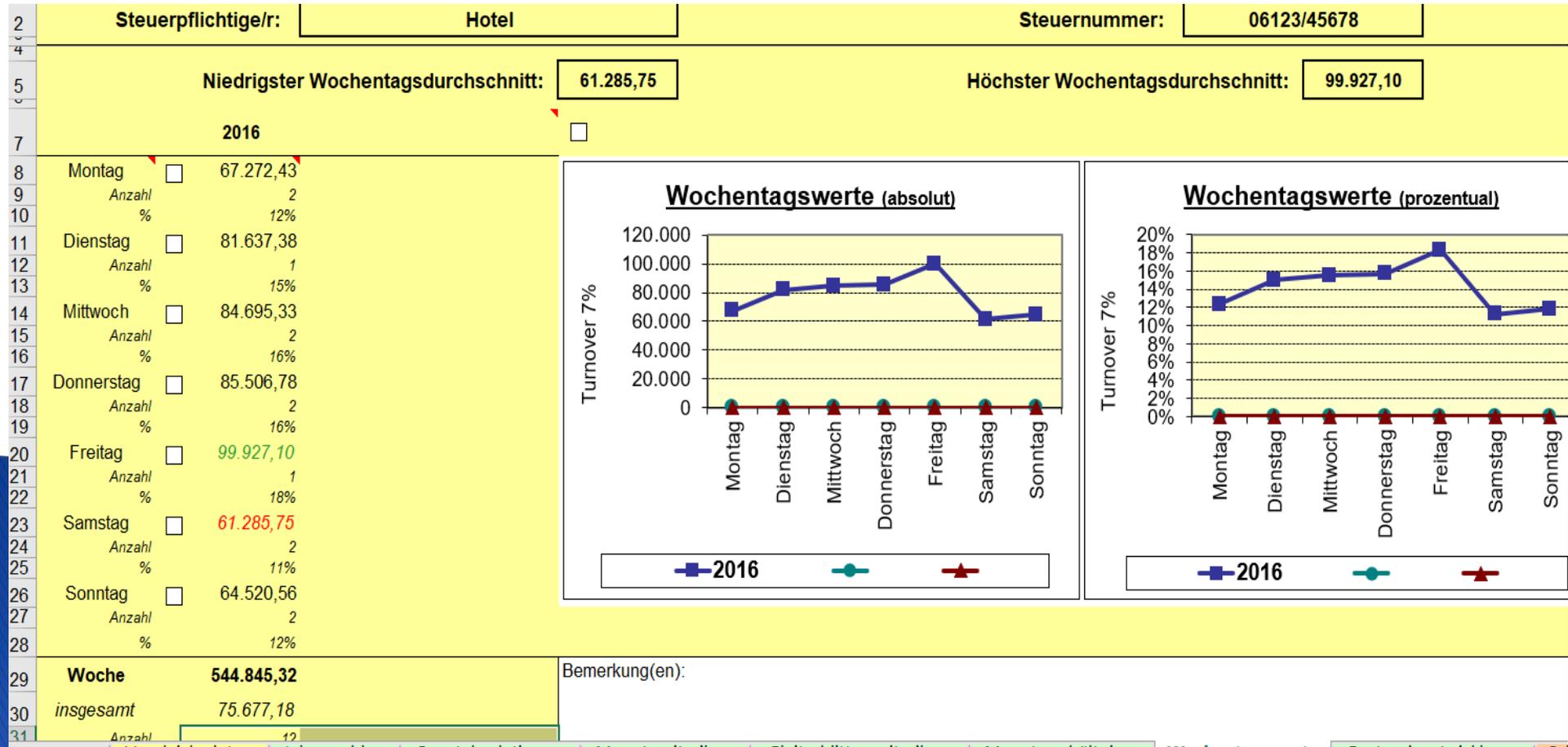
Vergleichsdaten										
1										
2	Steuerpflichtige/r:	Hotel			Beginn Prüfungszeitraum:			01.01.2016		
3	Steuernummer:	06123/45678			Ende Prüfungszeitraum:			31.12.2016		
4	Branche:	Restaurant / Hotel			Abweichendes Wirtschaftsjahr:					
6	Hotel Software 2016				Turnover 7%					
8										
9	Datum	Betrag	Korrektur	Bemerkung	Hotel Software 2016	Datum	Betrag	Korrektur	Bemerkung	Turnover 7%
10	9810	9810			9810	12	12			12
11	01.01.2016	1.261,68			1.261,68	31.01.2016	43.657,01			43.657,01
12	01.01.2016	1.093,46			1.093,46	29.02.2016	55.947,66			55.947,66
13	02.01.2016	65,42			65,42	31.03.2016	78.224,30			78.224,30
14	02.01.2016	74,77			74,77	30.04.2016	69.452,34			69.452,34
15	02.01.2016	116,82			116,82	31.05.2016	81.637,38			81.637,38
16	02.01.2016	0,00			0,00	30.06.2016	92.789,25			92.789,25
17	02.01.2016	175,23			175,23	31.07.2016	85.384,11			85.384,11
18	02.01.2016	175,23			175,23	31.08.2016	101.644,39			101.644,39
19	02.01.2016	175,23			175,23	30.09.2016	99.927,10			99.927,10
20	02.01.2016	175,23			175,23	31.10.2016	78.597,20			78.597,20
21	02.01.2016	175,23			175,23	30.11.2016	67.746,26			67.746,26
22	02.01.2016	161,21			161,21	31.12.2016	53.119,16			53.119,16

Examples for Other / New Techniques:

SRP Summarized Risk Audit

Invoice database out of hotel software

Import in summarized risk audit tool



Examples for Other / New Techniques:
SRP Summarized Risk Audit
Indicators

- **Reduced turnover on weekends**
- **Usually busiest time for hotels in tourist areas**

Restaurant evaluation:

Examples for Other / New techniques:

SRP Summarized Risk Audit

Restaurant Data

Vergleichsdaten										
1										
2	Steuerpflichtige/r:	Hotel Restaurant			Beginn Prüfungszeitraum:			01.01.2014		
3	Steuernummer:				Ende Prüfungszeitraum:			31.12.2016		
4	Branche:	Restaurant			Abweichendes Wirtschaftsjahr:					
6	Goods (#5200 - #5760)				Turnover (#4300, #4400)					
8										
9	Datum	Betrag	Korrektur	Bemerkung	Goods (#5200 - #5760)	Datum	Betrag	Korrektur	Bemerkung	Turnover (#4300, #4400)
10	2074	2074			2074	2225	2225			2225
12	04.01.2014	56,99			56,99	01.01.2014	171,03			171,0
13	09.01.2014	46,08			46,08	02.01.2014	768,99			768,9
14	09.01.2014	74,84			74,84	02.01.2014	145,61			145,6
15	09.01.2014	403,86			403,86	03.01.2014	839,24			839,2
16	09.01.2014	41,55			41,55	03.01.2014	84,86			84,8
17	09.01.2014	184,42			184,42	04.01.2014	1.071,43			1.071,4
18	11.01.2014	11,58			11,58	04.01.2014	138,50			138,5
19	11.01.2014	728,93			728,93	05.01.2014	945,71			945,7
20	11.01.2014	127,26			127,26	05.01.2014	121,12			121,1
21	11.01.2014	8			8,00	06.01.2014	1.210,34			1.210,3
22	11.01.2014	58,63			58,63	06.01.2014	173,08			173,0
23	15.01.2014	63,84			63,84	07.01.2014	599,24			599,2
24	15.01.2014	489			489,00	07.01.2014	85,42			85,4
25	16.01.2014	12,9			12,90	08.01.2014	865,71			865,7
26	16.01.2014	12,98			12,98	08.01.2014	53,93			53,9
27	16.01.2014	7,72			7,72	09.01.2014	731,26			731,2
28	16.01.2014	37,43			37,43	09.01.2014	62,71			62,7

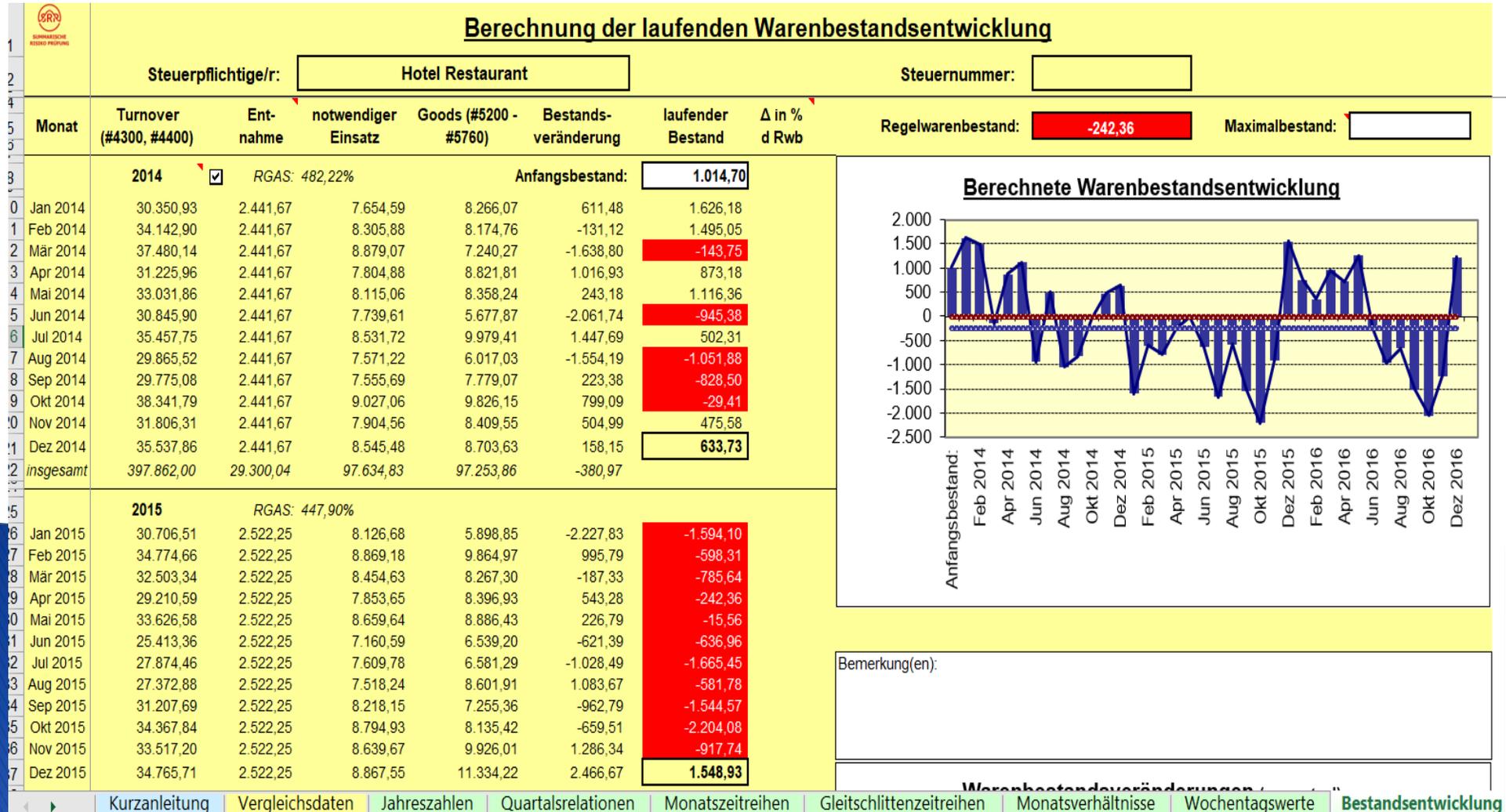
Examples for Other / New techniques:
SRP Summarized Risk Audit
Evaluation based on time series analysis

- **Time series analysis**
- **Average margin comparance**
- **Cutting the pics 16 %**
- **Calculation of available goods**

RESULT:

- **No goods available for turnover ?????**

Examples for Other / New techniques: SRP Summarized Risk Audit Evaluation based on time series analysis



Examples for Other / New Techniques:

SRP Summarized Risk Audit

Estimation of turnover based on time series analysis – more € 285.238,57

Interaktive Schätzungsvorlage			
Steuerpflichtige/r:	Hotel Restaurant		Steuernummer:
	2014	2015	2016
Turnover (#4300, #4400):	397.862,00	375.340,82	388.627,79
Goods (#5200 - #5760):	97.253,86	99.687,89	90.139,25
Bestandsveränderung:	-380,97	915,20	-320,43
Entnahmen:	29.300,04	30.267,00	30.420,00
zusätzliche Entnahmen (ermäßigter USt-Satz):	<input type="checkbox"/>		
zusätzliche Entnahmen (voller USt-Satz):	<input type="checkbox"/>		
weitere Einsatzminderungen:			
Einsatz:	68.334,79	68.505,69	60.039,68
RGAS:	482%	448%	547%
80 %-Quantil RGAS:	<input checked="" type="checkbox"/> 635%	635%	635%
frei geschätzter RGAS:	<input type="checkbox"/>		
80 %-Quantil Einkauf / Einsatz:	<input type="checkbox"/>		
frei geschätzter Einsatz:	<input type="checkbox"/>		
ermittelter Umsatz:	502.260,71	503.516,82	441.291,65
freie Umsatzhinzuschätzung:	<input type="checkbox"/>		
Umsatzschätzung:	502.260,71	503.516,82	441.291,65
Mehrerlös durch Schätzung:	104.398,71	128.176,00	52.663,86
(RGAS nach Schätzung:)			
Mehrerlös insgesamt:			285.238,57
festе Aufteilung Mehrerlös:	Anteil ermäßigter Steuersatz:		
Anteil Mehrerlös (ermäßigter USt-Satz):			
freie Aufteilung Mehrerlös:	Anteil ermäßigter Steuersatz:		
Anteil Mehrerlös (ermäßigter USt-Satz):			
Anteil Mehrerlös (voller USt-Satz):			

Examples for Other / New Techniques :

Visualization of data

Visualization is often excel based or other software / a tool to visualize different figures / data sources in relation to each other in various diagrams

Examples for Other / New Techniques : Visualization of data – Bookkeeping Data

JAH	BELD	KTOF	KTOBESCHR	GKTOF	GKTOBESCHR	BUCHTEXT	BELNR	SOL_F	STSA	STBETR	STI	BUF	USTIDNF	HABI	SOL	SO_HA	VERME	MF	BELEGL	KTOA	HA_S
2	2014	#####	4130	Gesetzlich soziale Aufwendungen	1753	Vorausz.Beitragsschuld.Sozialver.		-0,20	0,00	0,00		3533		0,20	0,00	0,20		-1	2_AUSG		0,
3	2014	#####	8300	Erlöse 7% Ust.	1000	Kasse		-242,06	7,00	-16,34	USt	11		242,06	0,00	242,06		-1	LEINN		242,
4	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-115,37	19,00	-22,03	USt	4		115,37	0,00	115,37		-1	LEINN		115,
5	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-207,38	19,00	-33,52	USt	7		207,38	0,00	207,38		-1	LEINN		207,
6	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-1153,45	19,00	-213,15	USt	12		1153,45	0,00	1153,45		-1	LEINN		1153,
7	2014	#####	4360	Versicherungen	1200	Sparkasse Breisach #6004212	Assona Handyversicherung	24,00	0,00	0,00		320		0,00	24,00	24,00		-1	2_AUSG		-24,
8	2014	#####	4520	Kfz - Versicherungen	1200	Sparkasse Breisach #6004212	Allianz KFZ Versicherung FR-MG 1916	301,17	0,00	0,00		316		0,00	301,17	301,17		-1	2_AUSG		-301,
9	2014	#####	4810	Mietleasing (bewegliche Wirtschafts	4360	Mieten für Einrichtungen (bewegl. W		227,31	0,00	0,00		1718		0,00	227,31	227,31		-1	2_AUSG		-227,
10	2014	#####	4360	Mieten für Einrichtungen (bewegl. W	1200	Sparkasse Breisach #6004212	Hoffmann Leasing 01/14	227,31	19,00	43,19	VSt	313		0,00	227,31	227,31		-1	2_AUSG		-227,
11	2014	#####	4360	Mieten für Einrichtungen (bewegl. W	4810	Mietleasing (bewegliche Wirtschafts	umb	-227,31	0,00	0,00	VSt	1718		227,31	0,00	227,31		-1	2_AUSG		227,
12	2014	#####	8300	Erlöse 7% Ust.	1000	Kasse		-119,16	7,00	-8,34	USt	19		119,16	0,00	119,16		-1	LEINN		119,
13	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-25,23	19,00	-4,81	USt	13		25,23	0,00	25,23		-1	LEINN		25,
14	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-657,06	19,00	-124,84	USt	15		657,06	0,00	657,06		-1	LEINN		657,
15	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		#####	19,00	-318,30	USt	20		1678,40	0,00	1678,40		-1	LEINN		1678,
16	2014	#####	3736	Erhaltene Skonti 19% Vorsteuer	1611	Verb. aus LuL. o. Kontokorrent	Badischer Winzerkeller Skonto	-1,30	19,00	-0,36	VSt	2969		1,30	0,00	1,30		-1	2_AUSG		-1,
17	2014	#####	4371	Kosten des Geldverkehrs Telexcash	1200	Sparkasse Breisach #6004212	B & S Gebühren	35,41	19,00	18,13	VSt	346		0,00	35,41	35,41		-1	2_AUSG		-35,
18	2014	#####	8300	Erlöse 7% Ust.	1000	Kasse		-182,39	7,00	-12,81	USt	26		182,39	0,00	182,39		-1	LEINN		182,
19	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		#####	19,00	-193,12	USt	21		1047,38	0,00	1047,38		-1	LEINN		1047,
20	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-1917,56	19,00	-364,34	USt	27		1917,56	0,00	1917,56		-1	LEINN		1917,
21	2014	#####	8300	Erlöse 7% Ust.	1000	Kasse		-162,39	7,00	-11,41	USt	34		162,39	0,00	162,39		-1	LEINN		162,
22	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-648,24	19,00	-123,16	USt	28		648,24	0,00	648,24		-1	LEINN		648,
23	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-113,78	19,00	-21,62	USt	32		113,78	0,00	113,78		-1	LEINN		113,
24	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		#####	19,00	-366,64	USt	35		1923,66	0,00	1923,66		-1	LEINN		1923,
25	2014	#####	4302	Interimskonto Vorsteuervergütung	1000	Kasse	Intermarche 5,5 % TVA	75,37	0,00	0,00	VSt	43		0,00	75,37	75,37		-1	2_AUSG		-75,
26	2014	#####	4302	Interimskonto Vorsteuervergütung	1000	Kasse	Intermarche 20,00 % TVA	44,43	0,00	0,00	VSt	50		0,00	44,43	44,43		-1	2_AUSG		-44,
27	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-395,04	19,00	-75,06	USt	36		395,04	0,00	395,04		-1	LEINN		395,
28	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-485,29	19,00	-92,21	USt	40		485,29	0,00	485,29		-1	LEINN		485,
29	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-240,67	19,00	-45,73	USt	45		240,67	0,00	240,67		-1	LEINN		240,
30	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-750,84	19,00	-142,66	USt	46		750,84	0,00	750,84		-1	LEINN		750,
31	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		#####	19,00	-536,22	USt	48		2822,18	0,00	2822,18		-1	LEINN		2822,
32	2014	#####	8300	Erlöse 7% Ust.	1000	Kasse		-510,75	7,00	-35,75	USt	60		510,75	0,00	510,75		-1	LEINN		510,
33	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-113,35	19,00	-21,65	USt	51		113,35	0,00	113,35		-1	LEINN		113,
34	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-308,24	19,00	-58,56	USt	55		308,24	0,00	308,24		-1	LEINN		308,
35	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		#####	19,00	-478,40	USt	61		2517,90	0,00	2517,90		-1	LEINN		2517,
36	2014	#####	3300	Wareneingang 7% Vst.	1200	Sparkasse Breisach #6004212	Neukauf	16,36	7,00	1,14	VSt	355		0,00	16,36	16,36		-1	2_AUSG		-16,
37	2014	#####	3300	Wareneingang 7% Vst.	1200	Sparkasse Breisach #6004212	Aldi	139,31	7,00	3,75	VSt	356		0,00	139,31	139,31		-1	2_AUSG		-139,
38	2014	#####	4210	Miete Diesel	1200	Sparkasse Breisach #6004212	012014	#####	19,00	660,63	VSt	352		0,00	#####	3476,39		-1	2_AUSG		#####
39	2014	#####	4240	Gas, Strom, Wasser	1200	Sparkasse Breisach #6004212	Stadt Breisach Abwasser	165,00	0,00	0,00	VSt	353		0,00	165,00	165,00		-1	2_AUSG		-165,
40	2014	#####	4240	Gas, Strom, Wasser	1200	Sparkasse Breisach #6004212	Stadt Breisach Wasser	32,71	7,00	2,29	VSt	354		0,00	32,71	32,71		-1	2_AUSG		-32,
41	2014	#####	4320	Telefon	1200	Sparkasse Breisach #6004212	Telkom 012014	54,89	19,00	10,43	VSt	359		0,00	54,89	54,89		-1	2_AUSG		-54,
42	2014	#####	4370	Nebenkosten des Geldverkehrs	1200	Sparkasse Breisach #6004212	Darlehenspreis #6001227369	2,30	19,00	0,44	VSt	362		0,00	2,30	2,30		-1	2_AUSG		-2,
43	2014	#####	4370	Nebenkosten des Geldverkehrs	1200	Sparkasse Breisach #6004212	Darlehenspreis #6001227369	2,30	19,00	0,44	VSt	363		0,00	2,30	2,30		-1	2_AUSG		-2,
44	2014	#####	4370	Nebenkosten des Geldverkehrs	1200	Sparkasse Breisach #6004212	Darlehenspreis #6001227369	2,30	19,00	0,44	VSt	364		0,00	2,30	2,30		-1	2_AUSG		-2,
45	2014	#####	4370	Nebenkosten des Geldverkehrs	1200	Sparkasse Breisach #6004212	Darlehenspreis #6001227369	2,30	19,00	0,44	VSt	365		0,00	2,30	2,30		-1	2_AUSG		-2,
46	2014	#####	4370	Nebenkosten des Geldverkehrs	1200	Sparkasse Breisach #6004212	Darlehenspreis #6001227369	2,30	19,00	0,44	VSt	366		0,00	2,30	2,30		-1	2_AUSG		-2,
47	2014	#####	8300	Erlöse 7% Ust.	1000	Kasse		-100,56	7,00	-7,04	USt	70		100,56	0,00	100,56		-1	LEINN		100,
48	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-434,12	19,00	-82,48	USt	62		434,12	0,00	434,12		-1	LEINN		434,
49	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-81,01	19,00	-15,39	USt	67		81,01	0,00	81,01		-1	LEINN		81,
50	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-350,00	19,00	-180,50	USt	71		350,00	0,00	350,00		-1	LEINN		350,
51	2014	#####	3300	Wareneingang 7% Vst.	1200	Sparkasse Breisach #6004212	Union SB	1563,08	7,00	103,84	VSt	368		0,00	#####	1563,08		-1	2_AUSG		###
52	2014	#####	3400	Wareneingang 19% Vorsteuer	1000	Kasse	Rewe	150,36	19,00	28,68	VSt	73		0,00	150,36	150,36		-1	2_AUSG		-150,
53	2014	#####	3400	Wareneingang 19% Vorsteuer	1200	Sparkasse Breisach #6004212	Union SB	-33,50	19,00	-6,37	VSt	367		33,50	0,00	33,50		-1	2_AUSG		33,
54	2014	#####	3400	Wareneingang 19% Vorsteuer	1200	Sparkasse Breisach #6004212	Union SB	105,31	19,00	20,12	VSt	370		0,00	105,31	105,31		-1	2_AUSG		-105,
55	2014	#####	4250	Reinigung	1200	Sparkasse Breisach #6004212	Union SB	36,86	19,00	7,00	VSt	363		0,00	36,86	36,86		-1	2_AUSG		-36,
56	2014	#####	4285	Dekoration	1200	Sparkasse Breisach #6004212	Union SB Servietten	73,91	19,00	15,18	VSt	371		0,00	73,91	73,91		-1	2_AUSG		-73,
57	2014	#####	4380	Beiträge	1200	Sparkasse Breisach #6004212	Dehogs 01-06/14	327,12	0,00	0,00	VSt	374		0,00	327,12	327,12		-1	2_AUSG		-327,
58	2014	#####	8300	Erlöse 7% Ust.	1000	Kasse		-184,21	7,00	-12,89	USt	80		184,21	0,00	184,21		-1	LEINN		184,
59	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-393,08	19,00	-75,82	USt	74		393,08	0,00	393,08		-1	LEINN		393,
60	2014	#####	8400	Erlöse 19% Ust.	1000	Kasse		-27,31	19,00	-5,19	USt	78		27,31	0,00	27,31		-1	LEINN		27,

Examples for Other / New Techniques :

Visualization of data – problems?

- **420.000 data sets?**
- **How to explore?**
- **Where to start?**
- **Searching?**
- **What kind of parameters?**
- **Where are the indicators?**

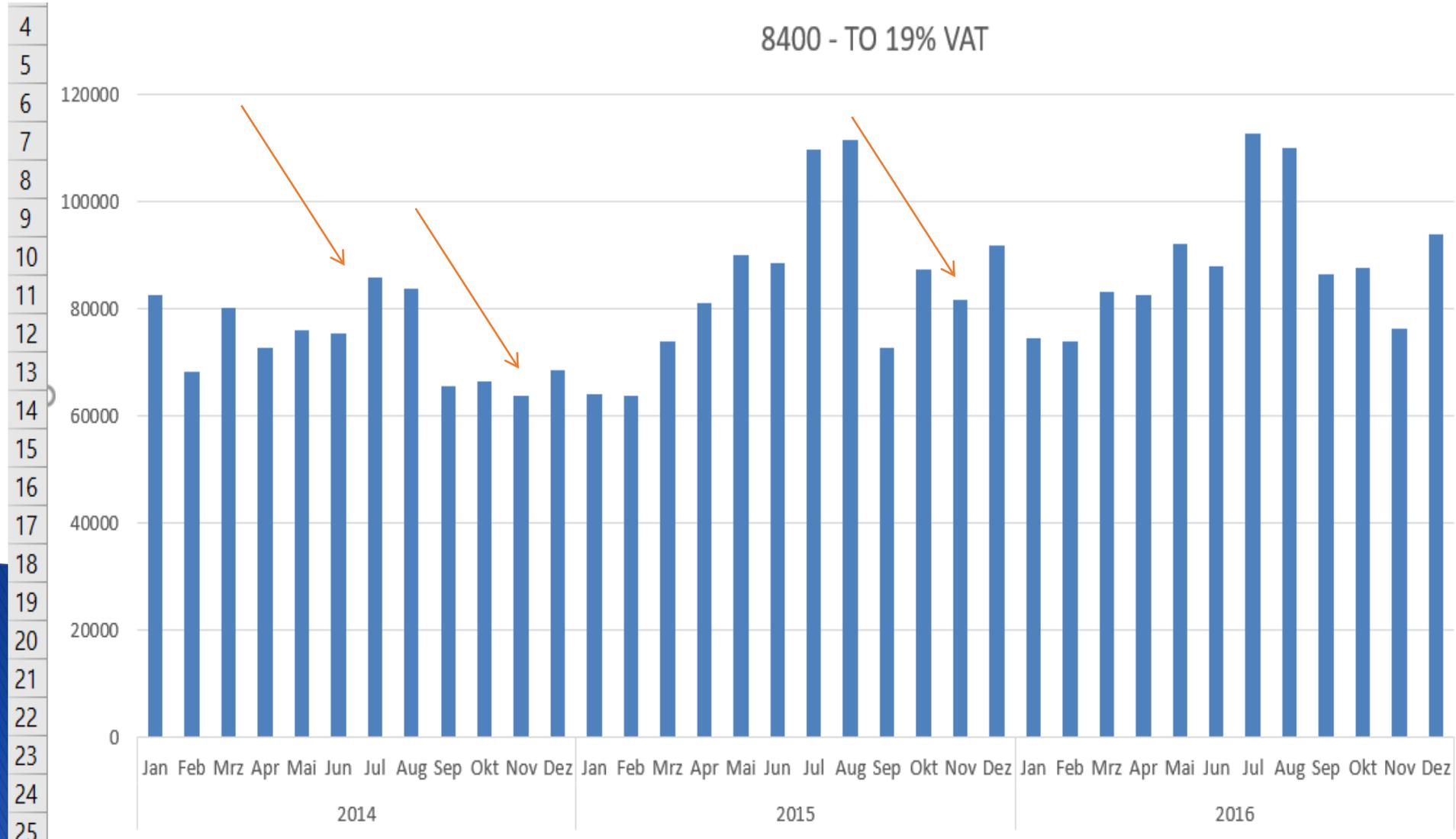
Examples for Other / New Techniques :

Visualization of data – example

- **Restaurant**
- **Outside area**
- **Christmas celebration**
- **New year celebrations**
- **Additional participation on different markets**
- **No remarkable changes in business (same size, ... employees, ... suppliers....)**

Examples for Other / New Techniques :

Visualization of data – account selection



Examples for Other / New Techniques :

Visualization of data – example

Indicators for problems

- **Summertime**
 - reduced turnover compared with other years
- **Christmastime**
 - reduced turnover – usually the busiest time of a year for restaurants

Examples for Other / New Techniques :

Visualization

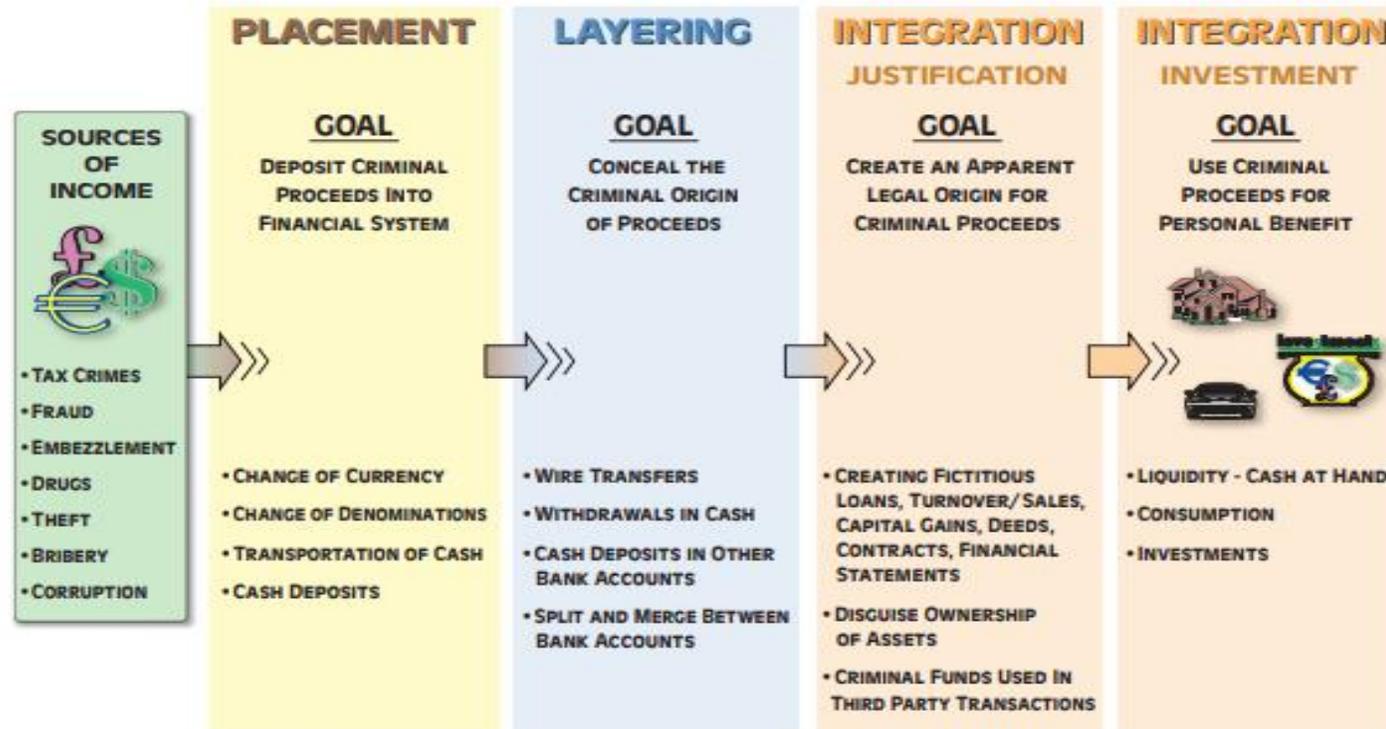
- **Any expenditures**
- **Turnover**
- **Any other account like input VAT – output VAT**
- **Almost everything could be visualized**
- **.....**

Methods of proof topics

- **Direct method of proof**
 - **Specific item method**
 - **Different schemes**
- **Indirect method of proof**
 - **Net worth method**
 - **Projection method**
- **Preparing for trial**

Part 6 - Money Laundering

OVERVIEW OF MONEY LAUNDERING



Focus on detection of money laundering

- All methods mentioned before
 - to detect while placement process
e.g. criminal or criminal organization owns a legitimate restaurant business. Money obtained from illegal activities is gradually deposited into a bank through the restaurant. The restaurant reports daily cash sales higher than what it actually takes in

Detection of money laundering

- All methods mentioned before
 - to detect while layering process
e.g. to deal with tax issues – on example of the restaurant - further disguise the criminal source of the extra deposited funds, the restaurant invests the money in another legitimate business, such as real estate - further obscured from the authorities by using shell companies or holding companies that control several business enterprises that the laundered money

Detection of money laundering

- All methods mentioned before
 - to detect while integration process
e.g. – integration – the money is placed into legitimate business or personal investments (purchase high-end luxury goods, such as jewelry or automobiles. At this stage, the money has, ideally, been sufficiently laundered. The money is typically then either legitimately invested or exchanged for expensive assets such as property.

Indicators of Money Laundering

- All indicators as for detection of fraud/tax evasion/.....
 - Everything unusual / suspicious
 - Everything with no economical reason
 - Under-valuing or over-valuing of property value
 - Rapid successive buying and selling
 - Use of third parties or companies that distance the transaction from the criminal source of funds
 -

Indicators of money laundering –

Real estate area

Table of indicators of FINTRAC

**FINTRAC = Financial Transactions and
Reports Analysis Centre of Canada**

Table of indicators

