



# **BOTSWANA PRESENTATION**

## **MONEY LAUNDERING CASE**

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- The case came as a tip off through an informant to the investigation unit.

## **Allegations**

- Underdeclaration of taxable output, with an estimated amount of P98,874,139.30 having been transferred to Canada before being declared for tax purposes.
- Director instructed his tax consultant to register four(4) companies for the purpose of claiming from the main company for services

# Company Background

- Company taxable activity is building construction
- Mainly into government tenders and private residential houses
- Has 1 director, who stays mostly in Canada, a chinese national
- Been operating in Botswana since 2002

## Investigation Plan

- Search and seizure of company and directors premises
- Gathering of information from close sources, open and internal sources.
- Comparison of financial information to the taxpayer's declarations for the concerned taxes.
- Computations of tax assessments for the company and the director.

# FINDINGS FROM INFORMATION SOURCES

## CIPA (COMPANIES & INTELLECTUAL PROPERTY AGENCY)

- Established ownership of the 4 companies to be the 4 senior managers of the main company.
- The companies have a common secretary being the main company's tax consultant.

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- **Deeds Registry**
- Director personal properties:
  - 2 double storey houses and
  - company premises.

## **Bank Statements-Company**

- List of clients
- Undeclared income from construction projects transferred to Canada and China as family upkeep.
- Money transferred to company managers accounts.
- Transfers to foreign countries as family upkeep
- Payments for the established fake supplies

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## **Bank Statements-Director**

- Payments received from company private projects.
- Transfers to foreign accounts.
- Rental income from personal properties

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## **Company bank statements: Credit card**

- Director expenses: Travel around the world (UK, China, USA, RSA, Dubai)
- Leisure & Entertainment: (Golf, restaurants & hotels, casino)
- Insurance payments in Canada.

## **Bank Statements-Other new companies**

- Payments from main company for fake supplies.
- Transfer to director's local and foreign a/c's
- Transfers to the 4 senior managers personal accounts.

## **4 Senior Managers' personal accounts**

- Receipts from the 4 companies
- Transfers to directors accounts in China and Canada.

## Third parties

- Construction agreements for governments projects
- Payments certificates
- Proof of payments
- Private clients construction agreements and payment invoices for the projects.

## **Company and director searches**

- Large sums of money
- Company documents
- Books of accounts (purchases, sales ledgers etc.)
- Company documents for all the involved companies
- Other relevant information

# INVESTIGATION FINDINGS



- Money in the bank statements were less than the taxpayer tax declarations
- Money from payments certificates were higher than company declarations and bank statements
- Privates projects were not declared for tax purposes but transferred to Canada
- Undeclared income in the bank statements were transferred to director's foreign accounts as family upkeep

## **OTHER FINDINGS ON GOING**

- The director has 2 blocks of apartments in Canada.
- Purchase of a residential house in USA for son.
- Expensive cars.
- Expensive school fees and upkeep of son in USA.
- Foreign bank accounts: Canada & China.

# PRELIMINARY FINDINGS



- Tax assessment of P47 Million for Income Tax and P14 million for Vat
- Director personal income tax of P10 million

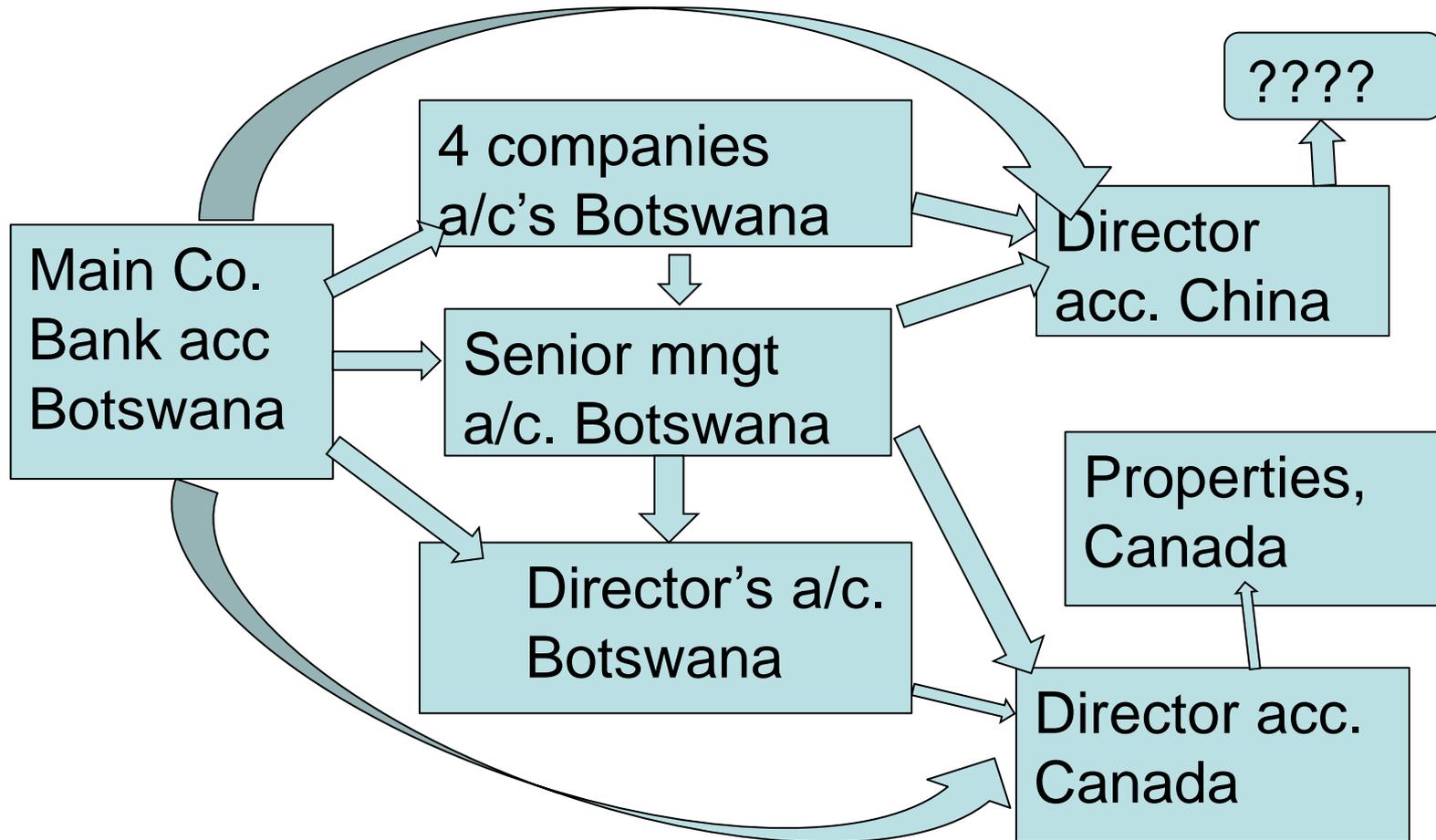
# FURTHER INFORMATION SOURCES



## Mutual Legal Assistance & FIU

- To request information on financing of properties owned in Canada
- Availability of any other unidentified property in Canada and China
- Financial transactions in recipient foreign accounts for director and spending.
- This will help to find out if the tax evasion proceeds were involved in investments in Canada and China.

# FINANCIAL FLOW



# CHALLENGES



- Failure to provide supporting documents for expenses claimed.(There were no records)
- Delay in response to our correspondences from third parties
- No data analysis tools but the case involves high volume of data
- Lack of skill manpower

THANK YOU!

