

# MONEY LAUNDERING

Jeff Cooper



- ▶ **In your country, If you had \$1,000,000 USD, how would YOU launder the money to avoid detection??**

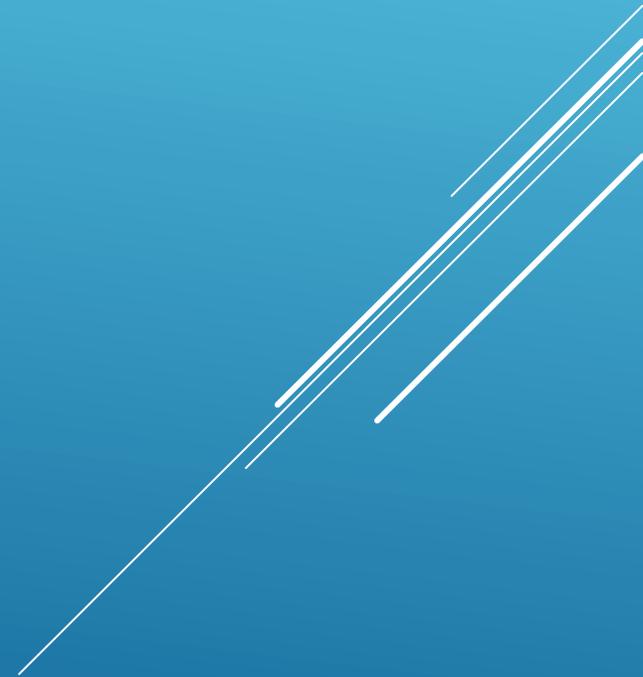
QUESTION?



# NARCOS (NETFLIX)



OZARK (NETFLIX)



# WHAT IS MONEY LAUNDERING?

Using the PROCEEDS of a specified unlawful activity (predicate crime) to:

conceal the source or ownership of the funds

promote the ongoing activities of the predicate crime

OR:

Spend, invest, possess, or transport the proceeds of illegal activity

**Question:**

**In your country, is there a difference between Money Laundering and Proceeds of Crime?**

# TRADITIONAL MONEY LAUNDERING STEPS

- **Placement-** the introduction of goods originating from criminal activity (ex. theft) in the financial system through deposits, wire transfers and other means. An example of placement could be the deposit of various cash amounts in a bank account.
- **Layering-** the execution of transactions (multiple) in order to separate the illegally-acquired goods from their source. An example of layering could be converting cash into traveler's checks, money orders, etc.
- **Integration-** the placement of illegal goods, once again, in the formal economy, in order to create the perception of legitimacy. An example of integration could be the payment of loans (fake), commissions or salaries.

Do I need all Three???

# PREDICATE CRIMES

Drug Trafficking

Human Trafficking

Mail / Wire Fraud

Bank Fraud

Tax Evasion

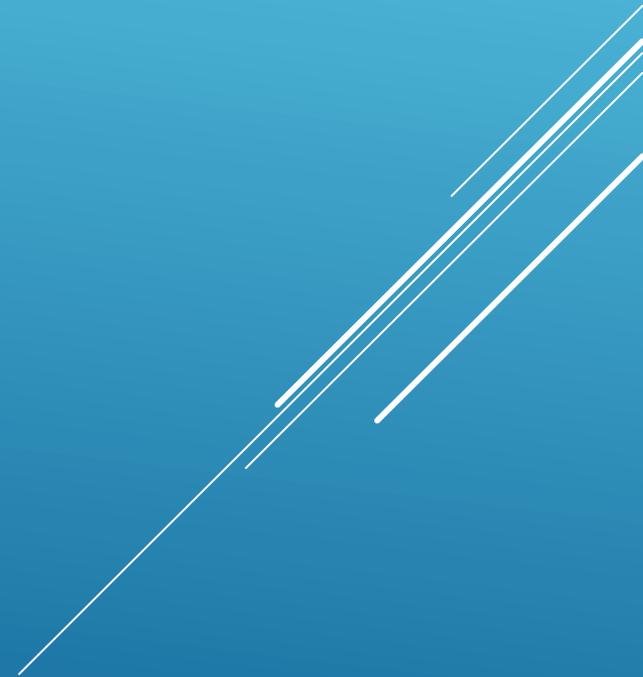
Bribery

Murder

Robbery

Arson

Any crime as specified in the ACT



# US SOURCES OF PREDICATE CRIME / MONEY LAUNDERING INVESTIGATIONS

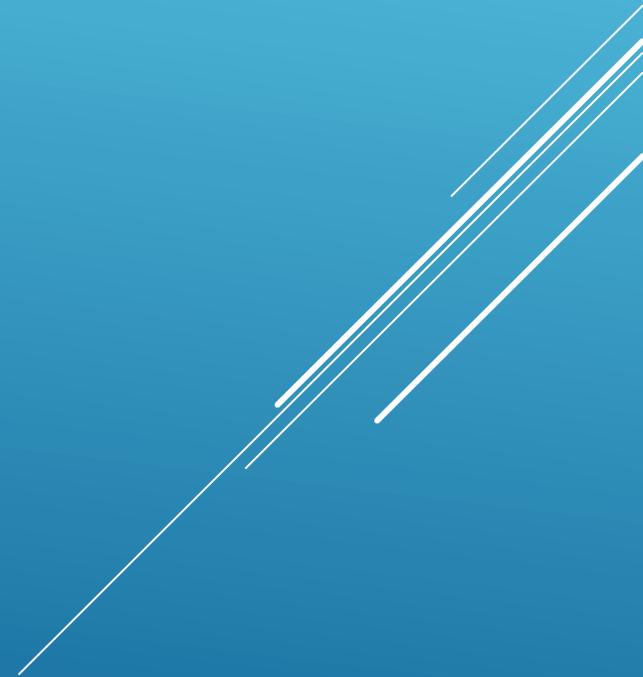
INFORMANTS!!! / Whistleblowers

Cooperating Defendants

Undercover Operations

Suspicious Transaction Reports

Foreign Country FIU and referrals



# The Codfather is Finally In Jail. But Who Is He?

NOV 10, 2017

Brian Barth

Unless he proves slippery enough to wiggle out of prison, this may be the end of Carlos Rafael's criminal days.

On Monday, November 6th, a decades-long saga of crime and misbehavior – one that can rightly be called the fishiest in American history – came to an end. Carlos “The Codfather” Rafael reported to the federal prison in Fort Devens, Massachusetts, where he will spend the next 46 months after pleading guilty to 28 offenses, ranging from **money laundering and tax evasion to evading fishing quotas**.

In 2015, The Codfather put out the word that he was ready to sell his business, perhaps move back to the Azores, where he'd been stockpiling cash to avoid taxes, and spend the rest of his days on a nice yacht instead of a smelly fishing boat. The two surly Russians who contacted him with an interest in taking over his boats and warehouse made it clear that they, too, had criminal intentions for the operation, which made Rafael quite comfortable in opening up about his corrupt business dealings. He bragged about the “bag of jingles” – cold, hard cash, that is – that he got for each shipment of fraudulently labeled fish he delivered to a Manhattan fish dealer named Michael Perretti, who is also known in the industry as a shady character.

# Former Lower Southampton district judge admits to extortion, money laundering

“I want to plead guilty,” former Lower Southampton District Judge John Waltman told U.S. District Court Judge Gene E.K. Pratter on Friday. “Because I’m guilty, your honor.”

For six years John Waltman spent his days sitting in judgment of criminal and civil defendants who appeared in the Lower Southampton district court that he oversaw. Now he earns his living laying tile in kitchens and bathrooms.

Later this year, the 61-year-old Lower Southampton resident could find himself spending the rest of his days as a federal prison inmate.

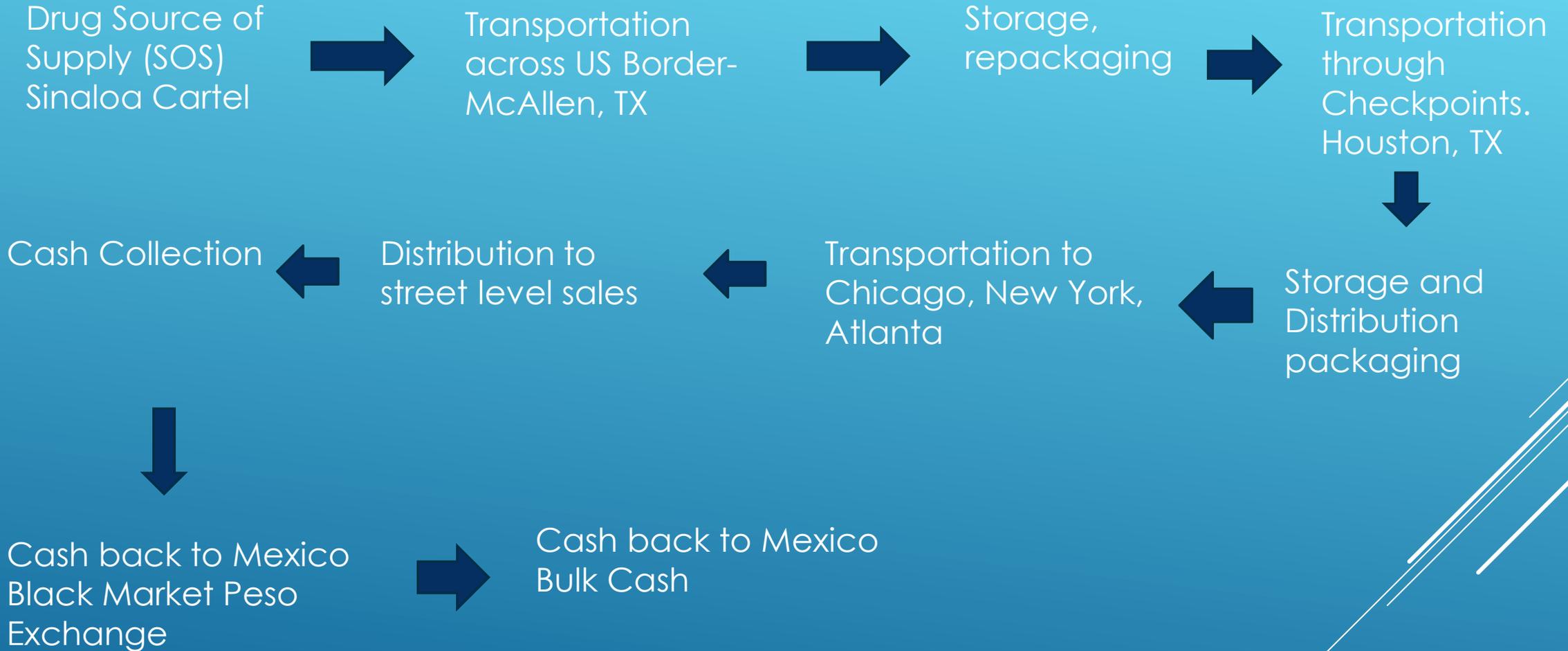
The fall from grace for the former public official ended in a Philadelphia courtroom Friday. Waltman admitted that while he was a district judge he conspired with two other public officials to **launder money, accepted a bribe to fix a traffic ticket and tried to extort local businesses with promises of township contracts in exchange for kickbacks.**

# FIFA officials arrested on corruption charges

NEW YORK — Federal prosecutors allege that "two generations of soccer officials" used partnerships with sports marketing executives to solicit \$150 million in bribes and kickbacks in exchange for, among other things, their support for the sites of FIFA World Cup events, from qualifiers to the 2010 World Cup.

A 47-count federal indictment was unsealed in Brooklyn, charging 14 defendants — nine FIFA officials and five corporate executives — with racketeering, wire fraud, money laundering and bribery, among other offenses, in connection with a near quarter-century scheme to enrich themselves through their management of the sport.

# Drug Trafficking



# Bank Fraud

Falsified paperwork submitted for obtaining a bank guarantee, with bank employee complicity- Income and Assets fabricated



Bank 2 Approves Loan based upon bank 1 guarantee



Loan is funded- Funds transmitted to customer account



Customer withdraws loan proceeds in Cash or immediately transfers to bank 3



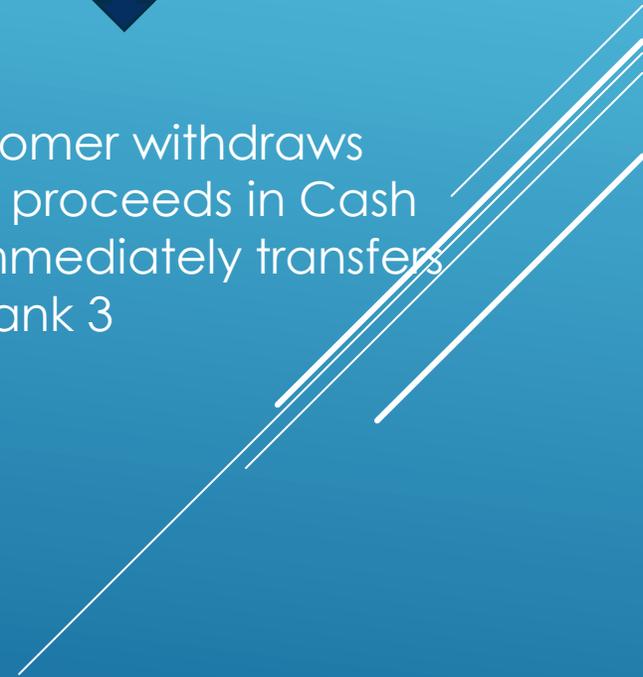
Customer makes no payments. No other activity with Customer account



Bank declares loan in default- discovers application fraud



Police are notified



## Corruption Investigation

Minister signs overpriced agreement with ABC Company to build public housing



Minister opens shell company and bank account in Brazil



ABC Company wires \$1m USD to Brazil Shell Company for consulting services



Shell Company purchases \$500K USD house in Portugal



Shell company pays \$100k USD for Minister's daughter's University in UK



Shell company wires \$200k USD to Caribbean Trust Fund- Naming Minister's Brother as beneficiary



Trust fund pays Brother \$10k USD monthly- wired to new Angolan Account in Name of Brother -Only 1 Debit Card issued for Account



# MONEY LAUNDERING JURISDICTION

In the USA, jurisdiction occurs ANYWHERE a financial or monetary transaction occurred OR where the predicate crime occurred

In the case of conspiracy, jurisdiction occurs in any place an overt act occurred

# CO-MINGLING OF FUNDS

Concept- once dirty money enters an account, the entire account is dirty. You do not need to attempt to segregate,

For example- if \$100,000 of drug money flows into a business account with a balance of \$400,000, all money that is spent from that account is considered illicit proceeds.

# DISPOSITION OF FUNDS

It is not necessary to prove the disposition of the laundered funds.  
It can become necessary if asset forfeiture action is being sought,  
UNLESS substitute asset rules can apply



# WHY CHARGE MONEY LAUNDERING

- In a predicate crime, only assets involved with the crime can be seized
  - If ML allows any tainted asset to be seized, now or later
  - It is a lesser, included offence
  - Following the money identifies unknown co-conspirators
  - YOUR Mutual Evaluation will grade the Country on their AML efforts
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