

# RISKS, TRENDS AND THE ROLE OF TAX INVESTIGATORS







"Any act or attemted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources".



"The processing of criminal proceeds to disquise their illegal origin in order to legitimise the ill-gotten gains of crime".





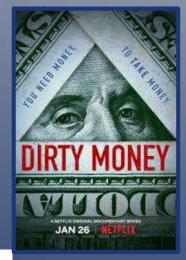




## "...illegally obtained proceeds..."?

















### MONEY LAUNDERING

#### **GROUP EXERCISE**



#### **GROUP 1 & 2:**

You are a drug dealer from Mauritania and you have hard cash (5,000,000 USD) stored inside a warehouse in Saint-Louis, Senagal.

You need to get the cash, unnoticed, out of Senegal and get it laundered into Mauritania. Because you want to buy a new villa in Mauritania.













## MONEY LAUNDERING

#### **GROUP EXERCISE**

#### **GROUP 3 & 4:**

You are in the real estate business in Ghana and you have dirty money stored in a Swiss bank account (5,000,000 USD).

You need to get the money laundered into Senegal. Because you want to start a real estate business in Dakar.





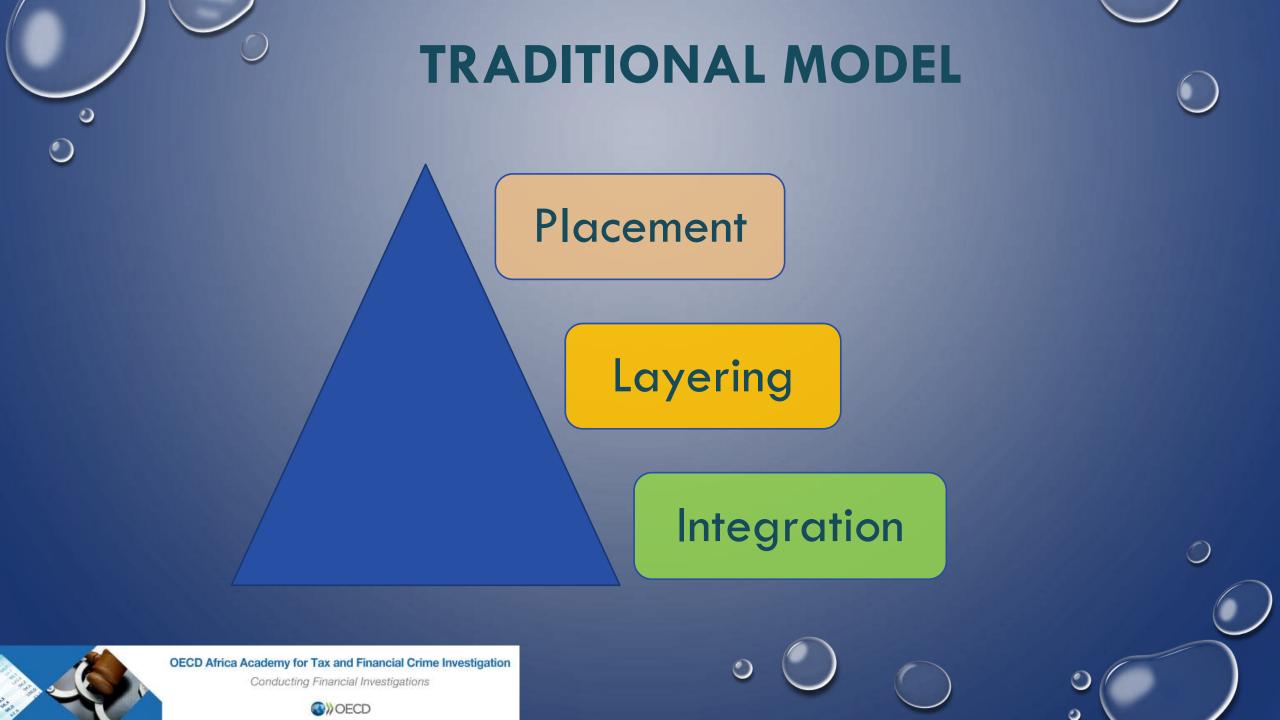






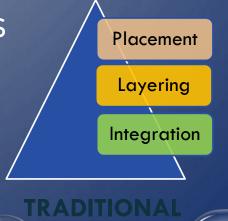






#### **PLACEMENT**

- STREET CASH IS OBTAINED FROM CRIME, SELLING DRUGS, STOLEN GOODS UNDUTIED GOODS ETC.
- THESE HAVE TO BE "PLACED" INTO THE REGULATED SECTOR
- THIS IS HELD TO BE THE MOST DIFFICULT PART OF THE PROCESS WHERE THE RISK OF DISCOVERY IS GREATEST
- OFTEN CASH WILL BE "STRUCTURED" OR "SMURFED" TO GET IT INTO THE SYSTEM.
- MAKING MULTIPLE SMALL DEPOSITS INSTEAD OF ONE LARGE DEPOSIT
- REPEATEDLY BETTING ON THE FAVOURITE /OR RED OR BLACK IN CASINOS
- ARE COMMON METHODS OF STRUCTURING OR SMURFING TRANSACTIONS



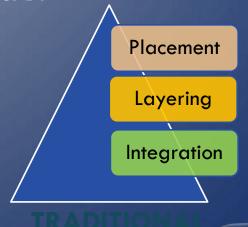






## LAYERING

- ONCE INSIDE THE REGULATED SECTOR THE CRIMINAL PROPERTY IS MOVED AROUND
- MAY MOVE FROM ACCOUNT TO ACCOUNT IN BACK TO BACK TRANSFERS
- OR FROM COMPANY TO COMPANY
- OR FROM ONE COUNTRY TO ANOTHER
- OR FROM A BANK ACCOUNT INTO A SHARE PORTFOLIO INTO A DIRECTOR'S LOAN
- THIS CREATES DISTANCE, CONCEALS OWNERSHIP
- AND CREATES BARRIERS TO INVESTIGATION



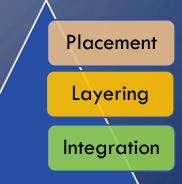






#### INTEGRATION

- THE CRIMINAL CASH HAS NOW BEEN DISTANCED FROM ITS ORIGIN
- SUPPOSE IT ENDED UP IN A SHELL COMPANY IN THE BAHAMAS
- A FAKE COMPANY LOAN COULD BE MADE TO THE CRIMINAL
- WHO USES THE "LOAN" TO PAY FOR A NEW HOUSE OR A ROLLS ROYCE
- HE OF COURSE NEVER REPAYS THE LOAN
- AND THE COMPANY NEVER ASKS HIM TO
- THE CASH DERIVED FROM HIS CRIMES NOW APPEARS TO BE A LOAN FROM AN OFFSHORE FINANCIAL COMPANY.









## TRADITIONAL MODEL





#### **STUD FARM**

MONEY LAUNDERING MACHINE?

Placement

Layering

Integration



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#### TRADITIONAL MODEL





#### **HOW WERE THEY EXPOSED?**

- FOREIGN ORIGIN OF THE PAYMENTS
- PAYMENTS FROM DRUG-INFUSED COUNTRIES
- SUSPICION OF TERRORIST FINANCING (MIDDLE EAST)
- LACK OF CUSTOM DECLARATION OF THE SPERM

#### STUD FARM





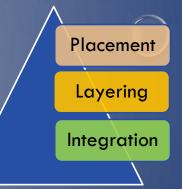


## TRADITIONAL MODEL



#### WHAT WENT WRONG?





#### **HOW WERE THEY EXPOSED?**

BACING FOR

- FOREIGN ORIGIN OF THE PAYMENTS
- PAYMENTS FROM DRUG-INFUSED COUNTRIES
- SUSPICION OF TERRORIST FINANCING (MIDDLE EAST)
- LACK OF CUSTOM DECLARATION OF THE SPERM

#### STUD FARM





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## FICTIOUS TURNOVER

0

Through ficitious turnovers dirty money is being reentered in the system.





Person A buys a painting at an auction for 500,000,000 XOF.

One day later Person A sells the painting to Person B for 505,000,000 XOF.

Person B does not pay Person A for the painting.

A little while later Person A buys the painting back from Person B for 1,505,000,000 XOF.



















#### **CASINO METHODS**

A number of members of a criminal organization enter the casino independently of each other.

They have divided a large amount of dirty money among themselves in advance (in cash).

With that money they buy casino chips.

They then play with a small number of casino chips.

After some time, the members of the gang exchange all their chips back into fiat currency.

Because of the size of the amount the casino pays the chips into a legit bank account of the criminal.

And the casino can also issue a profit statement to the criminal.















## CASINO METHODS THE WINNING TICKET

Criminals are eager to buy the winning lottery ticket of the actual lottery winner.

Let's say someone wins with his lottery ticket 500,000,000 XOF.

A criminal will easily pay 550,000,000 XOF for that ticket.

In that way the criminal will have laundered 500,000,000 XOF.

This has costed him 50,000,000 XOF.

The criminal is off the hook voor 500,000,000 XOF. The real winner on the other hand might have a problem with explaining to authorities where he got the 550,000,000 XOF from.

There is a marked for these kind of things.











## CASINO METHODS ONLINE BETTING

A criminals creates 2 accounts to play online poker.

Account 1 is linked to a legit bank account in Senegal (or to a credit card in Senegal).

Account 2 is linked to a bank account in Ghana. This bank account is stuffed with dirty money.

Account 1 plays poker agains Account 2.

Account 2 loses big time.

Money is being transferred into the legit bank account in Senagal.

This method is also used to pay drug suppliers. The buyer of the drugs will then lose the poker game.









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### LOANBACK METHOD





Drug dealer from Dakar buys a brand new villa in Dakar worth 4,000,000,000 XOF.

The drug dealer hasn't got that kind of official money so he needs to loan the 4,000,000,000 XOF.



He gets a loan granted from a Panamanian company.

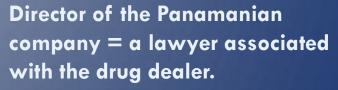


Placement

Layering

Integration

How can we tackle this method?





The money is stored in a Swiss bank account owned by the Panamanian company.

Dirty money (through smurfing entered in the Swiss bank account).



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## LOANBACK METHOD

#### Mow can we tackle this method?

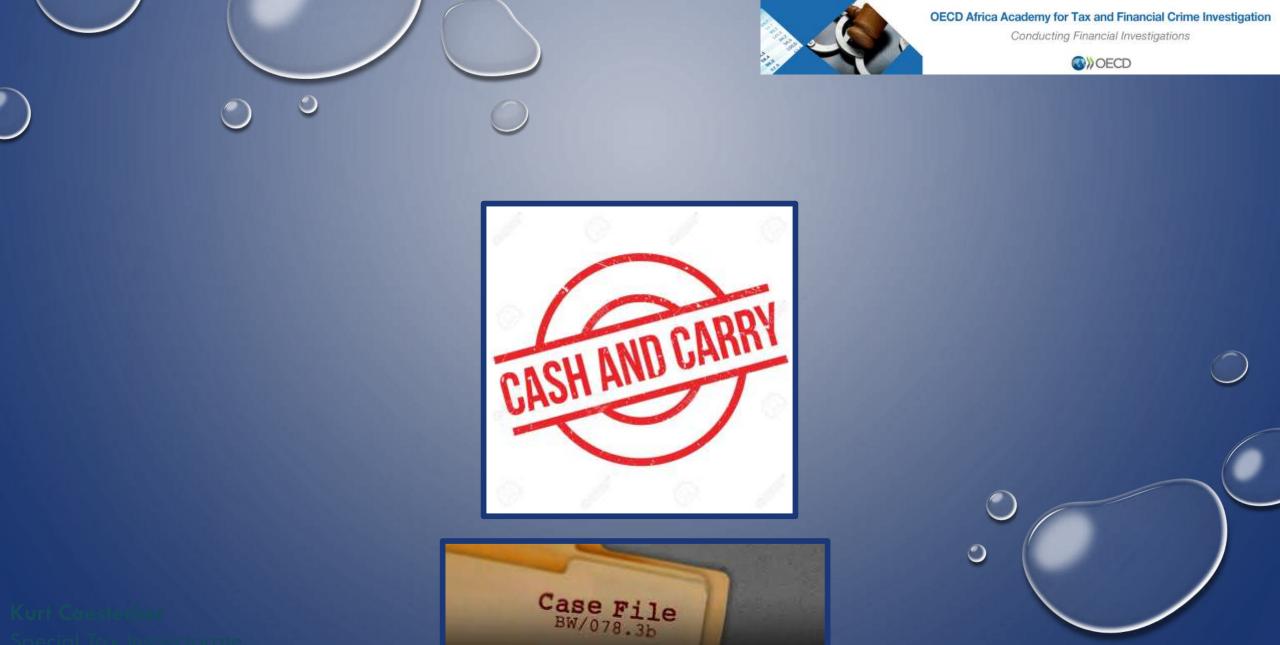
- Look at the loan agreement.
- There will be no financial securities (like with a loan from a regular bank).
- The drug dealer will propably not repay the loan.
- There will be no repayment plan.
- Extremely low interest rate.

#### Difficulties to deal with?

- To prove all of this you need the cooperation from Switzerland and Panama.
- The villa in Dakar might even be owned by a trust company...
  .... based in Ghana (for instance).
- Can you seize the assets (money in Switzerland/villa in Senegal) belonging to a Panamanian company and a Ghanaian trust company?









- PHYSICAL TRANSPORTATION OF CASH DISTANCES THE CRIMINAL PROCEEDS FROM THE PREDICATE OFFENCE THAT GENERATED THEM, AND BREAKS AUDIT TRAILS.
- THE AMOUNTS OF CASH BEING CONCEALED IN CARGO AND ADAPTED FREIGHT FAR EXCEEDS WHAT CAN BE CARRIED BY A PERSON.
- THE CURRENCIES MOST FREQUENTLY ENCOUNTERED THE US DOLLAR, THE EURO, THE BRITISH POUND, THE SWISS FRANC, ETC. ARE THE MOST STABLE, WIDELY USED AND READILY TRADED IN THE WORLD
- HIGH-DENOMINATION NOTES REDUCE THE BULK AND WEIGHT OF CRIMINAL CASH TO FACILITATE SMUGGLING
- CRIMINALS EXPLOIT CASH DECLARATION SYSTEMS, TO LEND A VENEER OF LEGITIMACY TO CRIMINAL CASH

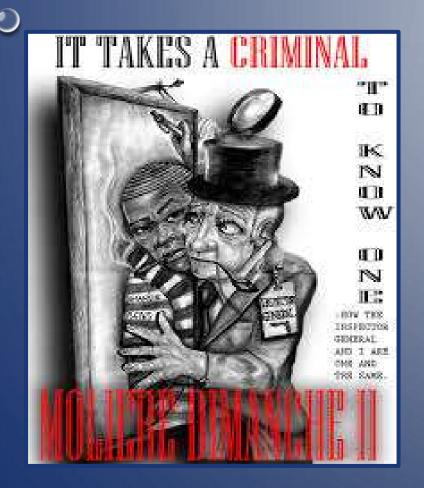
(MONEY LAUNDERING THROUGH THE PHYSICAL TRANSPORTATION OF CASH :FATF 2015)













MTH WHAT I KNOW NOW, WHAT WOULD I DO?









#### CASH IN LUGGAGE

Cash is frequently smuggled in baggage in a similar manner to other contraband.

Some smugglers do this in a relatively subtle way others just fill the case with it.

This shows a detection of around £1,000,000 in a suitcase at London Heathrow. The interior bags were heat sealed to reduce odour.

Other than the outer shell of the case there was little concealment here due to the bulk of the consignment.

Some smugglers use coffee, bleach or paprika smeared on the wrappings to deter detector dogs





CASH & CARRY
CASE









CASH IN CLOTHING PACKAGES





CASH & CARRY CASE









CASH IN CEREAL BOX















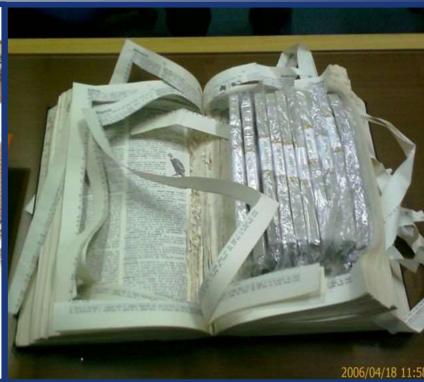




CASH INSIDE A WALKING CANE, BELT & BOOK









CASH & CARRY
CASE









#### **CONCEALED IN SWEETS**





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SMUGGLED ON THE PERSON





CASH & CARRY
CASE









SMUGGLED ON THE PERSON







CASH & CARRY
CASE











SMUGGLED IN THE PERSON















**SMUGGLED IN A PRIVATE JET** 





**CASH & CARRY** 









SMUGGLED IN A CAR









**CASH & CARRY** CASE O

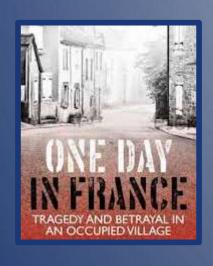








## CASH & CARRY CASE













#### CASH & CARRY CASE



RÉPUBLIQUE FRANÇAISE

MINISTERE DE L'ÉCONOMIE DES FINANCES ET DU COMMERCE EXTERIEUR DIRECTION GÉNÉRALE DES DOUANES ET DROITS INDIRECTS

#### PROCES-VERBAL DE CONSTAT

GADRE RESERVE A L'ADMINISTRATION		
N° DOSSIER	NUMERO DU PV UN	1
	UN	١,

AMBASSADE DE FRANCE AUX PAYS-BAS L'ATTACHE DOUANIER POUR LES PAYS DU BENELUX



ANNA PAULOWNASTRAAT 76 2518 BI LA HAVE

TEL: (0)70 312 57 60

DGDDILAHAYE@dgtresor.gouv.fr

	Expéditeur	
Nom: Nicolas Le Gall  Nombre de pages: 2 + 16		Date: 06/02/2014
	Destinataire	
Service:	A l'attention de :	Réf. :
Direction nationale des recherches	Mme Miranda VANSEVENANT	02/13/4/076/BE

OBJET:

Information spontanée / Manquement à l'obligation déclarative en France pour

155 000 € par un ressortissant belge : M. Peter

Nous avons reconnu	en l'absence	X en présence
	De M.	
VERHELST Peter		
	Que les objets cons	esistent en
Peter est de co Consignation de la somme 0029275, en date du 17 jan	l'une valeur faciale de cinq or es dénombrées, en présence ent cinquante cinq mille (155 de cent cinquante cinq mille vier 2013, dont Monsieur	ce constante et effective de Monsieur (000) euros, (155 000) euros sur quittance 155 numéro en reçoit immédiatement copie.
- Retenue d'une liasse de n nom de Peter, paraphès de VP-01 à VP-0!	date du seize (16) janvier de	4 intitulé "Fair Banking BANK COOP", au aux mille treize (2013) . Documents cotés et
******		

**JANUARY 16TH, 2013** 



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#### CASH & CARRY CASE

**GROUP EXERCISE** 



WHAT DO YOU THINK IS GOING ON?
 HOW WOULD YOU TACKLE THIS ISSUE (PLAN OF ACTION)?

















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Conducting Financial Investigations





**CASH & CARRY CASE** 









**GROUP EXERCISE** 



- 1. PREPARATION (HEAD START)
- 2. BE WARE OF THE IMPACT/BE VIGILANT
- 3. THE FIRST 15 MINUTES (BE SHARP)
- 4. EXPECT THE UNEXPECTED
- 5. STAY CALM AT ALL TIMES
- 6. CONNECT WITH THE SUSPECT
- 7. STAY IN CHARGE









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**GROUP EXERCISE** 

Uit nazicht van de "Regularisatie-aangifte" blijkt er, wis inzake de belasting over de toegevoegde waarde, een tekortkoming.

In punt C: Aard en bedrag van de aangegeven sommen; I. 3 Geregulariseerde btw-handelingen; werd een bedrag van 309.165,22 euro geregulariseerd. Aan het normale tarief van 21% komt dit neer op een maatstaf van heffing van 1.472.215,33 euro (samen: 1.781.308,55 euro).

De ± 1,8 mio komt overeen met de saldo's bij Bank Coop op het ogenblik van de regularisatie. De heer Peter Verhelst verklaarde op 17 januari 2013 aan de Franse douane op de vraag naar het gevonden geld in diens auto het volgende: "C'est au noir, des clients qui achètent des biens immobiliers me payent une partie en cash pour éviter certaines taxes." Op de vraag naar hoe de Zwitserse bankrekening werd gespijsd antwoorde de heer Peter op dezelfde dag aan de Franse douane: "Par l'argent au noir".

Rekening houdende met het voorgaande en rekening houdende met het feit dat, zoals blijkt uit onderhavig punt 3), er een deel van de zwarte inkomsten dienden om lonen in het zwart uit te betalen, kan besloten worden dat de ± 1,8 mio mag gezien worden als winst en niet als omzet (laat staan als omzet inclusief btw).

REGULARIZATION: APPROXIMATELY 1,8 MILLION EUROS IN DECEMBER 2013 FOR THE PERIOD UP TO AND INCLUDING 2008

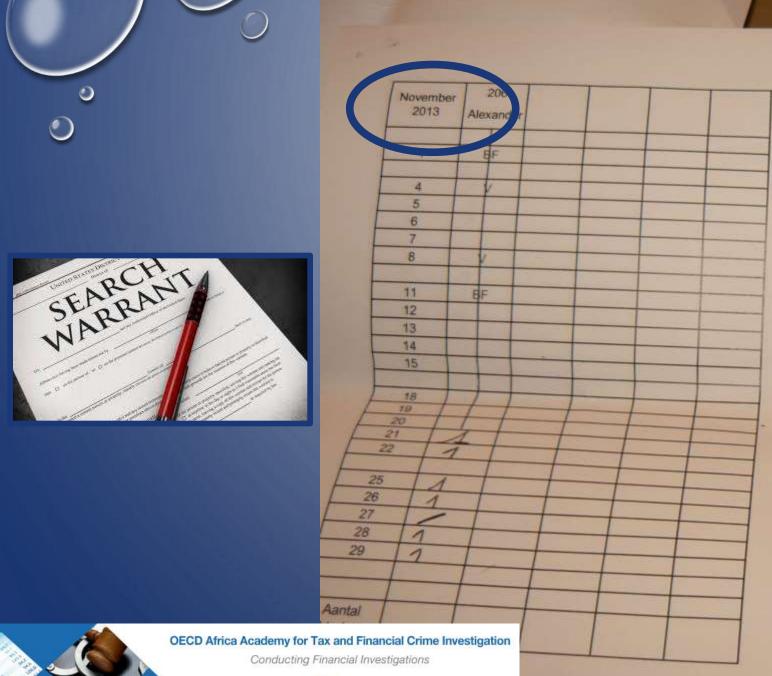


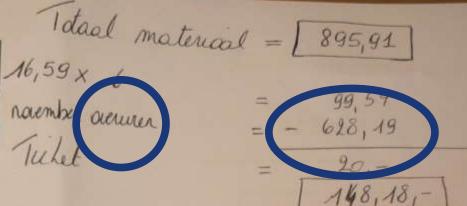












## Extra hours!





### **GROUP EXERCISE**







In een e-mail verzonden van het e-mail-adres garage.boeykens@telenet.be aan @skynet.be valt het volgende te lezen: "... en dit heb je nochtans bij de voorgaande verkopen wel gedaan waaronder zeker 1 koper die het zwart in drie schijven betaald heeft." Deze e-mail dateert van 6 januari 2014!!! Dit betreft de aan/verkoop van een appartement die deel uitmaakt van het appartementsgebouw C-View te Middelkerke, die een realisatie van

- A customer is complaining.
- Concerning the purchase of an apartment called C-View.
- 'At least 1 buyer made several payments with dirty money'
- Email date: January 6, 2014





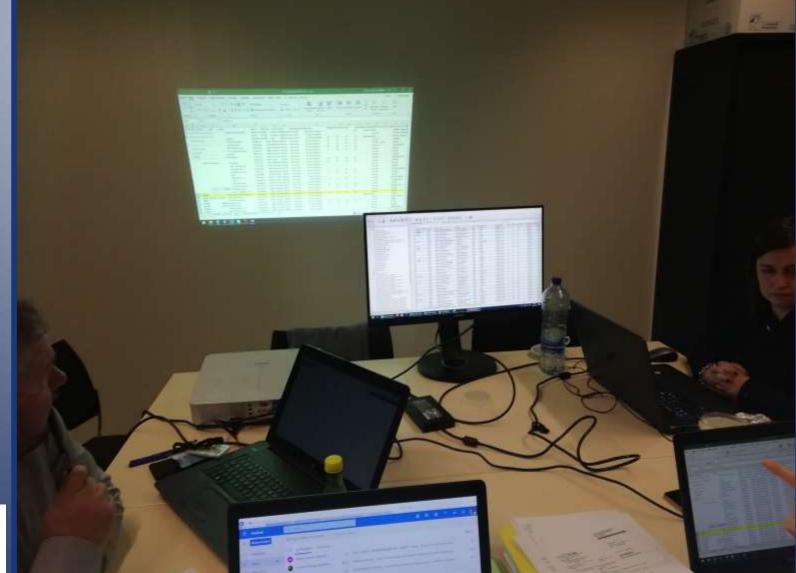


















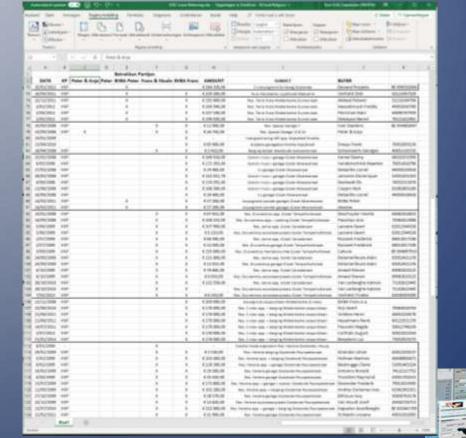




**GROUP EXERCISE** 

Send Out An	tach Address Fonts Colors Save As Draft
Cc: Bcc: Subject	tach Address Fonts Colors Save As Draft
Cc: Bcc: Subject:	
Bcc: Subject:	
Subject	
a Account o	
- Mecount	Mark L. Chambers* «mark@micbooks.com»
	- A customer is complaining.
	Concerning the purchase of an apartment called C-View.
8.	- 'At least 1 buyer made several payments with dirty
V.	money'
- 1	

PART II





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GROUP EXERCISE PART II



WHAT DO YOU THINK IS GOING ON?
 HOW WOULD YOU TACKLE THIS ISSUE (CHANGE OF PLANS)?

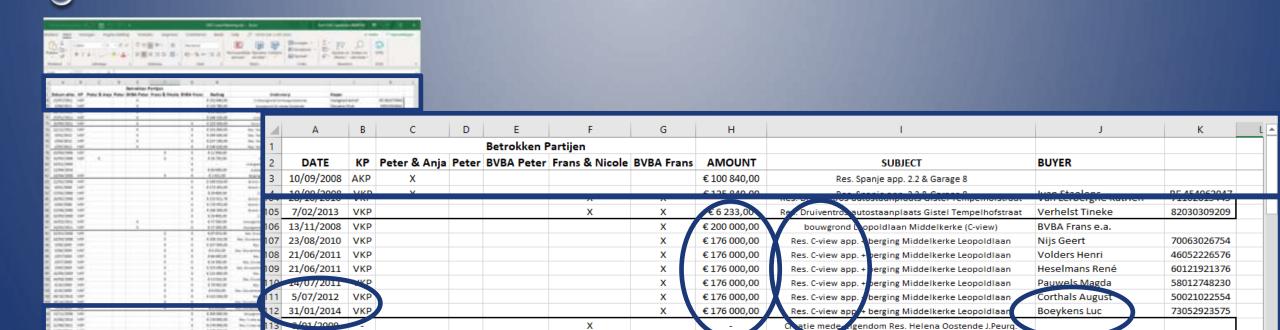






















**GROUP EXERCISE** 





	DV/DA France a	
iew)	BVBA Frans e.a.	
oldlaan	Nijs Geert	70063
oldlaan	Volders Henri	46052
oldlaan	Heselmans René	60121
oldlaan	Pauwels Magda	58012
oldlaan	Corthals August	50021
oldlaan	Boeykens Luc	73052
J.Peurq.		

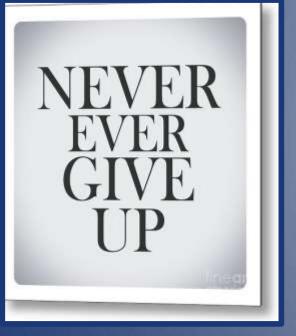






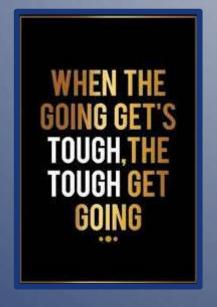






**GROUP EXERCISE** 

INTERVIEWING SUSPECTS/WITNESSES



- 1. INTERVIEW
- 2. LET THEM LIE IN YOUR FACE
  - 3. CONFRONT THEM
  - 4. LET THEM LIE ON PAPER
    - 5. INTERVIEW

INTERVIEW REPEATEDLY



CASH & CARRY











### **CONFESSION**



C. Vience Digardinatreal 4 BOOK BHUGGE

ALGEMENE ADMINISTRATIE VAN DE BUZONDERE BELASTINGINGPECTIE

PROCES-VERBAAL

Ondergetekende Hist. Cassikulter Bessel deskundige for beschilding gesteld van de advariatione ean de bijzondone beleeftegrepecte en bevongd voor elle bekeningen", waarvan de bantonen gewentigel zijn te 9000 Skuppe, G. Vincko-skjantinstraat 4, werklaat that volgende.

Op maandag 12 red hab it mij aangeboden taj. Mr Agenna Disons gelegen op de Zeedijk 127-128 in 8430 Middelourke. Op dezo locate word de Algemene Vergadering van medis-eigenwere year de Basidanta G-ray ontourien.

A vertices verpood governt to six van de surjande ambteveren allen ter beschiking gereid. van de Astraviatorie van de bijzondere beleebriginspectre :

- Hitle Yer Louver Adviseur E.a. Inspeditor densitratile
- Murtes Brooker- Attaché
- Born Breste Adjunct Fracual Desturcing

his was handarighed in helber laken/gemost on he voorlegging van one acrobilingsbesijk. faction we bij temperating van artifed SD, G1, K2, SDIss, G2 ert 835e van het BTW wellbest en de artikul 16. 3156a, 317, 316, 316 en 333 en cooppreallend ortikal 322 en 323 van het Wedsonk van de internalmetralisting informatie en gegevens opgevitaagel en veelgeetset. Volgende fellen en variabilingen worden opgesomd er beschrever in onderhavly proces verbes.

Op 8 mei 3014 werd een vraag om lektroling vanduurid naar de heer Luit BOEYKSNS ekjennes you had appartement up the 1<sup>46</sup> pendaging in fluidantier S view.

MEMORISE WORK ALLE BOLAST MINERAL

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It arriested up de heavour verneilles vrang om viruning verklaart de heer (up BOEYNEZHE) het

- Bij de aankung van het appertement op de 1<sup>ee</sup> vandaging van de Kassterde C viter te Madakuris hab it oon de heer Pelor VEFF-ELST paraconija 40.000.00 eem in contaction behalf over dis constructio van het apportement. Voor die som werd gewei Section containings. De heer Peter VEID-ISSE' is deze grédices personnille scenar. ophstan bij mij. Car BOEVKENS, Huin.
- Name de 45.00000 eurs in cost-word, als vargeeding voor de conducte, voor met being on 110,000.00 man (millsed the) sen fattor organish day (M/SA PRANS)

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acus hanchair dit mises went voorgelasse an door henchaar uithhalisalijk ment verblaard ge representation to helder becomes oil dans ephilologies, unitarit de heartnearies.

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Mauricen performantique appreciate la Brigger op PA-SEE TOTAL

nem/naar dit relaas werd voorgelezen en door hem/haar uitdrukkelijk werd verklaard geen betreffende dit deze verklaringen, volhardt de heer/mevrouw LUC en tekent met ons (vermelden "ik volhard en teken").

09/07/2010

Handtekening(en) IK VOLHARD EN TEKEN













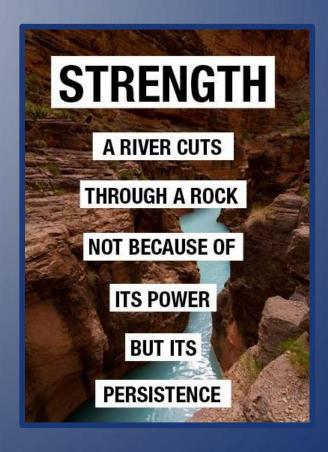
**GROUP EXERCISE** 



PERSISTENCE IS FAR MORE IMPORTANT THAN PERFECTION









CASH & CARRY











## WHAT ARE ENABLERS?

- ENABLERS FACILITATE THE OPERATION OF CRIMINAL NETWORKS
  - OFTEN THEY DO NOT BELONG TO SPECIFIC CRIME GROUPS
    - OFTEN THEY ARE NOT INVOLVED IN PREDICATE CRIMES
- OFTEN THEY HAVE TECHNICAL SKILLS THE CRIME GROUP NEEDS
- OFTEN THEY ARE PROFESSIONALS IN THE LEGAL/FINANCIAL WORLD
  - OFTEN THEY HAVE HIGH LEVEL POLITICAL CONNECTIONS
- OFTEN THEY ARE LINKED TO CORRUPTION AND STATE-CORPORATE CRIMES
- THEY MAY TRANSFER PROCEEDS OR CONVERT PROCEEDS MANAGE INVESTMENTS
  - OR EVEN ARRANGE FUNDING FOR CRIMINAL ENTERPRISES



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- KNOW YOUR ENEMY (CFR. CHART DRAWING - TIME LINE)

DISRUPTION

- CRIMINALS MAKE MISTAKES UNDER PRESSURE SO RAMP UP THE PRESSURE!

INTERNATIONAL CO-OPERATION – MONEY LAUNDERING IS GLOBAL YOU NEED A GLOBAL APPROACH.

• USE ALL THE TOOLS YOU CAN: COVERT OPS INTERCEPT / INFILTRATION / INTRUSION

**HUMAN INTELLIGENCE** 

FINANCIAL INVESTIGATION TOOLS

CYBER INVESTIGATION AND DIGITAL FORENSICS

ASSET FREEZING / RECOVERY : IDENTIFY —FREEZE — FORFEIT OR CONFISCATE

REGULATORY ACTION

-- UNDERMINE PROFESSIONAL STANDING – GET THEM STRUCK OFF /EXCLUDED

TAXATION ACTION

-- GENERALLY THESE PEOPLE NEVER PAY OR THINK THEY CAN DODGE TAX!

POLITICAL ACTION

-- OFTEN EXPLOIT LEGAL GREY AREAS/ LEGISLATIVE WEAKNESS - CHANGE THE LAW!



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## HIT HARD - HIT FAST

- Co ordinate your attack to hit several key points at once
- Attack across jurisdictions
- Freeze Money flows
- Take Regulatory action
- Disruption and territory denial
- Tax offences
- Asset Seizure
- Publicity and exposure



















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Conducting Financial Investigations





## **OPERATION MEAT**

# **ANONYMOUS COMPLAINT**

"Meat producer Target Ltd issues for supermarkets, who work with a complete accounting system invoices with a higher value than the actual value of the delivered goods, this way the supermarkets make less profit. The difference is sold by meat producer Target Ltd to different independent businesses without any taxes.

They use the cash money to pay their employees off the books"







### **GROUP EXERCISE**





WHAT DO YOU THINK IS GOING ON (FIND OUT THE SCHEME)?



PERATION MEAT













YOUR INTELLIGENCE (= THE ANONYMOUS COMPLAINT MEAT PRODUCER TARGET LTD):

"MEAT PRODUCER TARGET LTD ISSUES FOR SUPERMARKETS, WHO WORK WITH A COMPLETE ACCOUNTING SYSTEM, INVOICES WITH A HIGHER VALUE THAN THE ACTUAL VALUE OF THE DELIVERED GOODS, THIS WAY THE SUPERMARKETS MAKE LESS PROFIT. THE DIFFERENCE IS SOLD BY MEAT PRODUCER X TO DIFFERENT INDEPENDENT BUSINESSES WITHOUT ANY TAXES. THEY USE THE CASH MONEY TO PAY THEIR EMPLOYEES OFF THE BOOKS"

**GROUP 1**:

Try to figure out what is going on, based on the anonymous complaint. Use a <u>chart drawing</u> to make clear to the other groups what kind of scheme they are using. The only info you have got is the anonymous complaint!

GROUP 2:

Try to figure out what is going on, based on the anonymous complaint. Try to find out who are the beneficiaries of this fraud scheme. The only info you have got is the anonymous complaint!

**GROUP 3:** 

Try to figure out what is going on, based on the anonymous complaint. How would you, as an investigator, tackle this issue (<u>plan of action</u>)? The only info you have got is the anonymous complaint!

**GROUP 4:** 

Try to figure out what is going on, based on the intelligence in your possession (anonymous complaint & the confiscated documents). The extra info in on the ONE Community... 3 files starting with 20210802...





OECD Africa Academy for Tax and Financial Crime Investigation

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## **OPERATION MEAT**





**OPERATION MEAT** 



Gives 15 € CASHback







# BENEFICIARIES OF THE FRAUD SYSTEM



**OPERATION MEAT** 

### Meat producer

- Inducing client loyalty
- Money laundering (enabler)
- Withdrawal of tax free cash from his company

### > Supermarkets

- Reducing corporate profits and taxes
- Withdrawal of tax free cash from his company;
- Having cash at hand to pay employees off the books

### Real buyers

- Buying goods outside off the official accounting
- Selling goods without declaring them (without paying taxes)













# **UNEXPECTED**VISITATIONS



- Together with FASFC: obligatory tracing-system
- Within FPS FINANCE:
  - > ICT agents: copying electronic data
  - > Local investigation services: following trucks
- 6 teams and in total 20 investigators:
  - > 2 teams for the 2 corporate locations
  - > 2 teams followed and investigated trucks leaving the corporate locations
  - > 2 teams who visited different clients













Pedro a scris 11:26

please don't go to frs for this moment. there is inspection. Il Molya, ne khodete po frs ponastoyashtem. Ima proverka. Il Vă rugăm să nu mergeți la frs în acest moment. Există inspecție

zbgt2 a scris 15:47, 13 aug.

puedes ir para parking mañana 07h30 volver para descarga

zbgt2 a scris 14:02, 13 aug.

ecitit: 0







OECD Africa Academy for Tax and Financial Crime Investigation









OPERATION MEAT

The Federal Agency for the Safety of the Food Chain (FASFC) was founded by the Act of 4 February 2000 and is responsible for the assessment and management of risks that may be harmful to the health of consumers as well as the health of animals and plants. The Agency carries out food safety inspections throughout the food chain.

The FASFC integrates all control services that are competent for the entire food chain. The FASFC is not only competent for controlling food, feed, fertilisers and phytopharmaceuticals, but is also responsible for sanitary (animal diseases) and phytosanitary (plant sector) prevention and control measures. Laying down operational rules on controls, certification, infrastructure standards to be complied with by food chain FFBO's are also a part of its mission. The FASFC is also in charge of communication regarding all issues concerning the FASFC, in particular informing the consumers.













# fasfc

.be Federal Agency for the Safety of the Food Chain



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## **OPERATION MEAT**







# COLLECTED DATA













### **GROUP EXERCISE**





- 1. WHAT DO YOU THINK IS GOING ON (FIND OUT THE SCHEME)?
- 2. HOW WOULD YOU TACKLE THIS ISSUE (PLAN OF ACTION)?

#### MEAT PRODUCER TARGET Ltd



Date:

21/11/2013

Page:

300

Customer account / 21-11-2013

Selected by: name

Documen	it	636.1 WI	0.0	Payme	ent		Balance		Taxable	VAT	
Number	Date	Due date	Amount	Acc.	Date	Amount	Amount	Curr.	Amount	Amount	
						/					

#### Supermarket BRUSSELS/BUTCHERY - BRUS001286 051/58.92.22

021797!29-12-12!29-12-12!	353.85!!!!	1	353.85!EUR!327!	333.82	4	20.83	
1 1 1	!CRA6642!15-62-13!	-353.851	EUR!!		1		
001855!31-01-13!31-01-13!	258.391 !!	1	258.39!EUR!294!	243.76	1	14.63	
1 1 1	10010067114 02 121	250 201	END! I		31		







MEAT PRODUCER TARGET Ltd Anonymousstreet 21 1000 BRUSSELS BELGIUM

Supermarket BRUSSEL CHARC.

Gotchastreet 21 1050 BRUSSELS

#### INVOICE

051/56 90 33

Date 30/12/2012		Invoice nun 22352	Invoice number 22352			VAT-number BE0448560365			
Description		Pcs	Quantity	unit	unit price	F		VAT %	
Receipt 06237 - 01/12/ SALTED HAM + BONE 2		1	13,68	KG	5,51	10.	67.84	6	
MAYO 10KG SUPRIMA	c,5 monais	1 1	13,00	PCS	18,98	10.	17,08	200	
LUNCHRING HAVA		1	1,87	KG	5,29	10.	8,9	6.	



OECD Africa Academy for Tax and Financial Crime Investigation



### **GROUP EXERCISE**







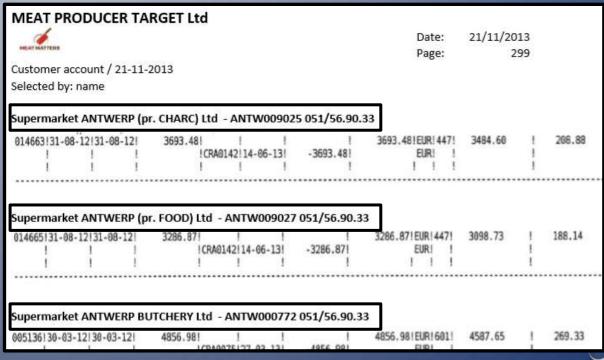
Supermarket BRUSSEL CHARC.

Gotchastreet 21 1050 BRUSSELS

00773/10	Client num	per
	00773/10	

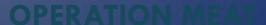


Client nu	mber	П
00772/10	)	
	VAT %	П



























### MEAT PRODUCER TARGET Ltd Anonymousstreet 21 1000 BRUSSELS BELGIUM

Supermarket BRUSSEL CHARC.

Gotchastreet 21 1050 BRUSSELS

### INVOICE

051/56 90 33

Date 30/12/2012	Invoice nun 22352	ber		VAT-number BE04485603		Client numbe 00773/10	r
Description	Pcs	Quantity	unit	unit price			VAT %
Receipt 06237 - 01/12/2012							
SALTED HAM + BONE 2,5 months	1	13,68	KG	5,51	10.	67,84	6.
MAYO 10KG SUPRIMA	1 1	2000	PCS	18,98	10.	17,08	6.
LUNCHRING HAVA	1	1,87	KG	5,29	10.	8,9	6.
Receipt 07181 - 09/12/2012							
FARMERS PATE 9,5 KG DH (37.5 SE/LG)	1		PCS	47,32	3.	45,9	6.
Receipt 07186 - 07/12/2012							
PORK TENDERLOIN BELGIUM	2	14,32	KG	8,17	10.	105,29	6.
SPARE RIBS (SPANISH) COSTA BRAVA	2	26,31	KG	4,27	10.	101,11	6.
MINCED MEAT PORC FREEZER 2KG	2	5-0700000	PCS	9,6	10.	17,28	6.
CHICKEN BREAST	1	1,71	KG	10,18	10.	15,67	6.
SAUSAGE DEGRYSE	1	3,01	KG	3,57	10.	9,67	6.
PRE-CUT SALMON	1	1,33	KG	13,73	10.	16,43	6.
Peceipt 08259 - 14/12/2019						140-4140-0	
CARROT SLICES 2,5 KG	4		PCS	4,54	10.	16,34	6.
BROCCOLI 2,5 KG BONDUELLE	4		PCS	8,43	10.	30,35	6.
BEANS EXTRA FINE (FR)	8		PCS	3,9	10.	12,37	6.
TOMATO SAUCE 5KG SUPRIMA	1		PCS	13,21	10.	11,89	6.
ALTESSE HAM EXTRA	1	6,94	KG	8,33	10.	52,03	6.

Bank account. 32.13 1579 6493 2245 VAT-number: BE0987.415.759





### **GROUP EXERCISE**

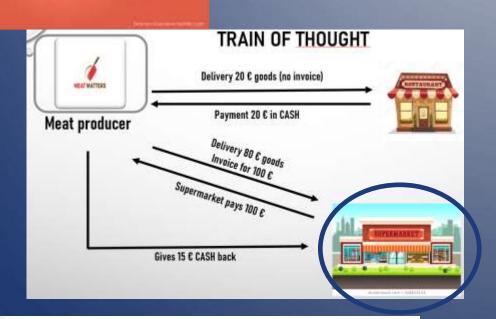


## FIND THE WEAK LINK

**OPERATION MEAT** 

PERSISTENCE IS FAR THAN PERFECTION

## UNEXPECTED **VISITATIONS PART II**



**NEW TARGET** 













Producten	la.	leen		Frequentie	
(And the second	Ja	reen.	wekelijks	maandelijks	sporadisch
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BIEZE/HANSA KARTODDELSLA			<u> </u>		
BREYDELSPREK ANTONIIO			į.		
CHILI KINGKRAB&SURIMI					
DINDO KALKOENSALAMI	20		X		
EDELKOP VVP ROND					
EECLONAAR IMP.					
EMMENTHAL FINLANDIA					
EMMENTHALER GEMALEN					
FILET D'ARDENNE 2X1/2 MARCASSOU					
FRANSE RUNDSTONG					
GARNAALKROKET VERS					
GEBAKKEN COUBURG					
GEBAKKEN MOSTERSPEK	X		X		
GEKOOKTE TONG					
GEROOKTE ZALM VOORGESNEDEN					
GOLDWORST LA FORNICI			1		
GRUZE GARNAAL SALADE	X		ju ju		
HEILBOT VOORGESNEDEN					
HESPEWORDT DEGRYSE	- V		. У		
JAMBON D'ARDENNE QC MARCASSOU					
KALKOENFILET	- X		N		
KALKOENPATE LIGHT					
KALKOENPAVE 8ST/175 VOLYS					
KIP CURRY HAMAL	1		- Vi		
KIPPEBROCHETTEN					
KIPSALADE DELICIO	1 1		1		
KRABSALADE DEGRYSE	- 6		Ú÷.		
LAMSZADEL GEZAAG5					
LEIELANDER HA					
LF SALAMI COURANT PRIMERA	- 4				
PANCETTE SUPERMAGRA FIORUCCI					
PASTASALADE HAM-KALKOEN	- 1	1		X	
PEPERBACON KARNEX		- 60			
PERENPATE					
PRAAGSE HAM					
ROYAL MINI AMANDO	_				
SATE MARINADE REJO	_				
SERRANO JADUSOL 11MAAND	- 7	1		16	
SPAGHETTO GLAS M/M	- 4	-1			
The state of the s	-				
SPIRELLI TRIC KIP-APPEL-KERRIE	1/	- 0		10	
ST ELOY HAM GEZOUTEN	1	_ X		00	
TIKKA MASSALA DELASIA 3 KG	-	- 22			
TONUNSALADE HAMEL	_	30			
TOSCAANSE HAM VERONI	_		-		
VARKENSTONG IN VINAOGRITTE	-				
VERSE KIPFILET HAM-KAAS	-		-		
OFFICENS AND THE STREET	1.26			5	



### **OPERATION MEAT**



OECD Africa Academy for Tax and Financial Crime Investigation

chanc.







# GROUP EXERCISE FIND THE WEAK LINK





|--|

Date: 21/11/2013
Page: 299

Customer account / 21-11-2013 Selected by: name

Supermarket ANTWEFP (pr. CHARC) Ltd - ANTW009025 051/56.90.33

Supermarket ANTWEEP (pr. FDOD) Ltd - ANTW009027 051/56.90.33

Superma ket ANTWERP BUTCHERY Ltd -) NTW000772 051/56.90.33

005136 30-03-12 30-05-12	186,000	1	4856.98 EUR 601	4587.65	1	269.33
1 1 1	!CRA0075!27-03-13!	-4856.98!	EUR! !		1	
014622!31-08-12!31-08-12!	2603.831 ! !	1	2603.83 EUR!447	2456.59		147.24















# GROUP EXERCISE FIND THE WEAK LINK



**OPERATION MEAT** 



MEAT PRODUCER TARGET Ltd Anonymousstreet 21 1000 BRUSSELS BELGIUM



F 234 E G

Supermarket BRUSSEL BUTCHERY

Gotchastreet 21 1050 BRUSSELS

#### INVOICE

051/56 90 33

	Date 30/12/2012	Invoice nun 22351	nber	2	VAT-numbe		725	nt numbe 72/10	er
Description	- Australia - Constitution - Constit	Pcs	Quantity	unit	unit price	7	X		VAT %
Receipt 94055 - 08/12 EMMENTHALER CHEE	No. Company Co.	6		PCS	5,63	3.	$  \cdot \rangle$	32,77	6.
PORTO SAUCE 2,3 KG BEEFTONG IN MADE!		1 1		PCS KG	14,93 6,72	3. 3.	П	14,48 13,04	100







MEAT PRODUCER TARGET Ltd Anonymousstreet 21 1000 BRUSSELS BELGIUM

Supermarket BRUSSEL CHARC.

Gotchastreet 21 1050 BRUSSELS

#### INVOICE

051/56 90 33

Date 30/12/2012 Description		Invoice number 22352		VAT-number BE0448560365			Client number 00773/10	
		Pcs	Quantity	unit	unit price			VAT %
Receipt 06237 - 01/1	State of the contract of the c			67955				
SALTED HAM + BONE 2,5 months		1	13,68	KG	5,51	10.	67,84	16.
MAYO 10KG SUPRIMA		1		PCS	18,98	10.	17,00	6.
LUNCHRING HAVA		1	1,87	KG	5.29	10.	8.6	6.

















# GROUP EXERCISE SETTLEMENT NEGOTATIONS



- Together with FASFC: official interrogation
- Our goal
  - Fictional invoices: reduced penalty (100% of VAT-amount)
  - Recovery of the taxes evaded by the real buyers2 options:
    - 1. Disclosing the names of the real buyers
    - 2. Compensating the taxes lost by the Belgian treasury

NO DEAL: start of our legal battle













# GROUP EXERCISE VAT CLAIM



- 1. Penalty 200% of the complete VAT-amount on the fictional invoices
- 2. Joint and several liability for the VAT-amount that was evaded by the unknown real buyers

"Every taxpayer is jointly and several obligated to pay the taxes of the persons who is debtor according to article 51, §§, 1 and 2, if he knew or should have known on the moment he acted that in the chain of actions the taxes weren't been payed with the goal of evaded the taxes" (article 51bis, §4 VAT code)

3. Penalty 200% of the VAT-amount evaded by the real buyers















# GROUP EXERCISE VAT CLAIM



"Every act of a human that <u>causes damage</u> to a other human obligates the one by whose <u>fault</u> the damage is created to compensate the damage." (art. 1382 Civil code)

- Fault: selling goods without invoices + not cooperating
- Damage: taxes evaded + losing the ability to conduct our fiscal investigations with the real buyers
- Causal relation















# GROUP EXERCISE AFTERMATH



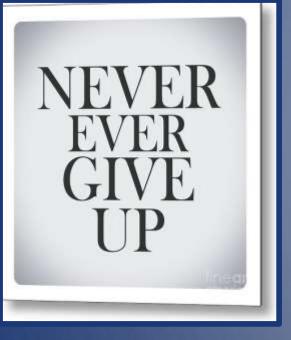
- Led to 13 new fiscal investigations
- 11 settlements
- New strategy for compensating tax-income lost by the Belgian treasury
- New strategy for inducing cooperating and responsibility
- OR new legislations ...































# THE USE OF SHELL COMPANIES, BACK 2 BACK LOANS & FRONT COMPANIES







### WHOLESALER OF CATERING PRODUCTS













# THE STORY WHOLESALER OF CATERING PRODUCTS



**AGRICULTURE COMPANY** 

Only client is Wholesaler A. Supplies live stocks.

**MANAGEMENT COMPANY** 









Mister Mystery (ultimate beneficary owner)

#### Findings:

- False invoices from Wholesaler A, B & C to fictitious customers
- VAT-fraud
- Income tax fraud
- Enabler
- Misuse of companies







Mister Mystery (ultimate beneficary owner)



#### **AGRICULTURE COMPANY**

- Produces meat only for Wholesaler A
- Accounting almost non-existent
- Track and trace of the animals show gaps
- Generates a tax loss every year



- Tax fraud within the agriculture company
- Taks fraud within the wholesalers



















- Produces meat only for Wholesaler A
- Accounting almost non-existent
- Track and trace of the animals show gaps
- Generates a tax loss every year
  - Yearly loss ± 500,000 €

Mister Mystery (ultimate beneficary owner)

- Mister Mystery receives a taxable income of 1,000,000 €/year
- 50% tax rate → ± 500,000 € taxes/year
- Recovers the losses of the Agriculture Co in his income tax return
- Mister Mystery finally pays...
   zero taxes

#### Holding company MM

- Covers the yearly loss by granting loans
- Loans immediatly considered irrecoverable
- Irrecoverable loan = fiscal cost for Holding company MM











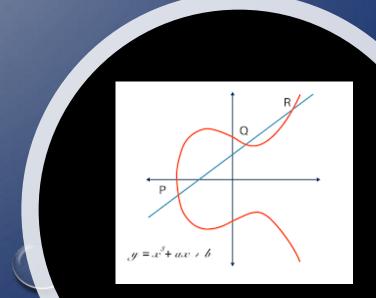






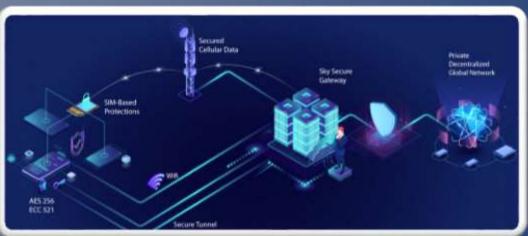
- GLOBAL SKY
- ELLIPTIC-CURVE CRYPTOGRAPHY
- PUBLIC KEY CRYPTOGRAPHY SYSTEMS, LIKE ECC, USE A MATHEMATICAL PROCESS TO MERGE TWO DISTINCT KEYS AND THEN USE THE OUTPUT TO ENCRYPT AND DECRYPT DATA. ONE IS A PUBLIC KEY THAT IS KNOWN TO ANYONE, AND THE OTHER IS A PRIVATE KEY THAT IS ONLY KNOWN BY THE SENDER AND RECEIVER OF THE DATA.











# ZERO TRUST SECURITY



#### 3 LAYERS OF BUILD IN SECURITY

1) HARDWARE AND OPERATING SYSTEM PROTECTIONS

HARDWARE SECURITY: SKY ECC IS ONLY INSTALLED ON DEVICES WITH BUILT-IN TAMPER-RESISTANT CHIPS

**OPERATING SYSTEM SECURITY:** ON-CHIP SECURITY WITH KERNEL AND ROLLBACK PROTECTION

A kernel panic error stops the system to prevent corruption of the system's software, hardware or memory.







#### 3 LAYERS OF BUILD IN SECURITY

#### 2) CONNECTIONS AND COMMUNICATIONS

**SECURE DATA NETWORK:** SIM-BASED PROTECTIONS FOR CONNECTIONS TO A GLOBAL NETWORK OF SECURE SERVERS.

SECURE CONNECTIONS: IF THE CONNECTION IS NOT SECURE, SKY ECC WILL PREVENT YOU FROM LOGGING ON. THERE IS A SECURE TUNNEL FOR ALL NETWORK COMMUNICATIONS.







#### 3 LAYERS OF BUILD IN SECURITY

#### 3) THE SKY ECC APPLICATION

**SECURE ENVIRONMENT CHECKS:** IF THE DEVICE IS COMPROMISED OR THE CONNECTION OR DEVICE IS NOT SECURE, ONE CAN NO LONGER LOG IN TO SKY ECC.

BRUTE FORCE PROTECTION: <u>CAPTCHA</u> IS USED AFTER FAILED LOGINS, LIMITS THE NUMBER OF PASSWORD ATTEMPTS AND MAKES THE APP WIPE ALL DATA IF SOMEONE TRIES TO BREAK IN.

**PASSWORD PROTECTIONS:** SEPARATE PASSWORDS FOR MESSAGES AND SAVED VAULT ITEMS.

PUSH NOTIFICATIONS CONTAIN NO CONTENT: DATA IS SANITIZED BEFORE IT GOES TO APPLE'S OR GOOGLE'S PUSH NOTIFICATION SERVERS.

CHAT AND FILE ENCRYPTION: MESSAGES OR DATA CANNOT BE READ BY SKY GLOBAL. 521-BIT CRYPTOGRAPHY IS USED USING THE DEFFIE-HELLMAN ELLIPTIC CURVE TO PROTECT MESSAGES AND FILES STORED IN THE VAULT.







### **BRAZILIAN BRANCH**



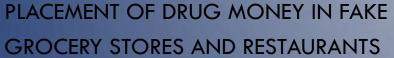
- SEVERAL ATM'S OUT OF MONEY
- CCTV ONE SUSPECT, 75 BANK CARDS (PORTUGUESE BANK)







#### BRAZILIAN BRANCH







CASH WITHDRAWALS TO PAY FICTIOUS INVOICES!

CRIMINALS OWN REAL BUSINESSES LIKE CLEANING AND BUILDING COMPANIES

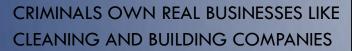




**WORKERS PAID OF THE BOOKS!** 



#### BRAZILIAN BRANCH









CRIMINALS USE THESE PROFITS TO BUY
CONSUMERGOODS ON THE ASIAN MARKET
LIKE...





MILK POWDER

٨

COMPANIES ARE PROFITABLE

WHOLESALERS ONDER CONTROL OF THE DRUG CRIMINALS





PRODUCTS SHIPPED INTO BELGIUM
IN CONTAINERS!















OECD International Academy for Tax Crime Investigation

Conducting Financial Investigations



