



OECD International Academy for Tax Crime Investigation

Managing Financial Investigations



MONEY LAUNDERING INTERNATIONAL STANDARDS

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Sun Tzu “The Art of War”:

“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before the defeat”

Financial Action Task Force



Effectiveness ratings that reflect the extent to which a country's measures are effective. The assessment is conducted on the basis of **11 immediate outcomes**, which represent key goals that an effective AML/CFT system should achieve

Financial Action Task Force

Risk and context!



**NATIONAL RISK
ASSESSMENT 2021**

Cayman Islands
March 2022

FATF Immediate Outcome 7 (IO7)



Money laundering offences and activities are investigated and offenders are prosecuted and subject to effective, proportionate and dissuasive sanctions

Effectiveness Indicators – IO7

How well, and in what circumstances is ML activity identified and investigated (including through parallel financial investigations?)

- Level of information sharing between the FIU and LEAs
- ML investigations initiated at a law enforcement level
- Number of parallel financial investigations
- Specific ML and special techniques of investigations trainings
- Joint law enforcement investigations teams

Effectiveness Indicators – IO7

To what extent is ML activity (including different types of ML cases) being prosecuted and offenders convicted?

- ML offences charges because of a parallel financial investigation
- Level of information sharing between LEAs and Prosecutors
- ML specialized prosecutors and/or units
- ML third-party, stand-alone and/or self-laundering cases are prosecuted and convicted

Effectiveness Indicators – IO7

To what extent are the sanctions applied against natural or legal persons convicted of ML offences effective, proportionate and dissuasive?

- Application of civil, administrative and/or criminal sanctions
- ML convictions extended to the legal persons acting as sham companies to obscure the identity of the natural person
- Sanctions imposed for ML compared with those for other comparable criminal activity

Effectiveness Indicators – IO7

To what extent do countries apply other criminal justice measures in cases where a ML investigation has been pursued but where it is not possible, for justifiable reasons to secure a ML conviction? Such alternative measures should not diminish the importance or, be a substitute for, prosecutions and convictions for ML offences.

- Disruption of cross-border cash flows
- Predicate offences charges for those cases in which the ML conviction is not possible
- Taxation and civil recovery

FATF Immediate Outcome 9 (IO9)



Terrorist financing offences and activities are investigated and persons who finance terrorism are prosecuted and subject to effective, proportionate and dissuasive sanctions

Effectiveness Indicators – IO9

Countries should identify and investigate the financing component for all terrorist crimes, and they should also leverage all other avenues, like intelligence to identify and investigate potential TF activity.

- Adequacy of resources
- Level of information sharing
- Application of clear laws
- Joint investigation teams
- Tools available to investigators

Effectiveness Indicators – IO9

Countries should prosecute TF activity (e.g., distinct offences, foreign or domestic terrorists, financing of the travel of foreign terrorist fighters) and convict offenders.

- Types of activity financed (e.g. low complexity attacks, large coordinated attacks, training of terrorists)
- Number of prosecutions
- Proportion of cases leading to TF prosecution
- Type of TF prosecutions and convictions
- Level of sanctions imposed for TF offences

Effectiveness Indicators – IO9

Countries need to have effective sanctions for people and legal entities that have been convicted of TF offences, so that the individuals are dissuaded from committing TF offences.

- Sentences, fines and other penalties available and given
- Effective sanctions (significant for the type of crime)
- Proportionate sanctions
- Significant dissuasive sanctions

Effectiveness Indicators – IO9

Countries would use information and intelligence obtained in the investigation, prosecution and conviction of TF activity to inform the formulation of national counter-terrorism strategies, and support national counter-terrorism purposes and activities.

- TF investigations and investigative tools
- Focus on financial elements to disrupt
- Financial component or parallel financial investigations
- Expertise and cooperation with counter-terrorism strategies that include the use of TF investigations to support terrorism investigations

Effectiveness Indicators – IO9

Country should pursue a TF charge when investigators and prosecutors have sufficient evidence TF has been committed. If not possible, then the country should take action to make sure the TF activity ceases.

- Disruption of cross-border flows
- Regulatory measures such as the removal of licences
- Non-conviction based seizures
- Travel bans in place
- Listing of individuals in the targeted financial sanctions regime