

Involvement of a Professional Enabler in a Financial Crime

I conducted a financial crime investigation back in 2019 in which a Professional enabler – a bank teller had involved in assisting an Internal Revenue Commission (IRC) staff to defraud the Commission of PGK1,199,529 (USD339,697.46) by facilitating the opening of a bank account and knowingly allowing the ill-gotten money to transact through the banking system.

It was alleged that in March 2018, an IRC staff, Mr Johnson Smith (not real name) had manipulated the records of SKY Holdings Limited in SGTAS and registered in the system a duplicate company name and manufactured a fake Taxpayer Identification Number (TIN) Certificate. The TIN Certificate was then used to open a dummy bank account at a Commercial Bank (BSP Bank) and deposited the tax refund cheque of PGK1,199,529.16 meant for SKY Holdings Ltd which had been fraudulently obtained earlier from IRC.

Earlier, unknown persons pretending to be representatives of SKY Holding Ltd had submitted a fraudulent tax refund claim to IRC without the company's knowledge and consent. The claim went through the normal process and thinking it was genuine, the claim was processed and a cheque of K1,199,529.16 was released and was collected by the unknown persons using false ID.

Since the cheque was issued under SKY Holdings Ltd, it had to be deposited into a company bank account under the same company name for clearance before the funds were accessed. Since the genuine company had a legitimate bank account under SKY Holdings Ltd, the fraudsters decided to open a separate dummy bank account under the same company name in order to deposit the fraudulently obtained cheque. To meet the bank's requirement in opening a new business account, they were required to provide a TIN Certificate associated with the company name.

TIN Certificate is usually generated from the SIGTAS System so since the fraudsters never had the TIN Certificate, they had to use an IRC officer to manipulate the system to generate the TIN Certificate to use in opening the bank account and this is where Mr Smith came in.

Between 21 and 22 March 2018, Mr Smith manipulated the taxpayer records of SKY Holdings Ltd and created a fake TIN Certificate and emailed it to a bank teller at BSP Bank. The bank teller knowing very well that there was an existing account under the same name company name went ahead and facilitated the opening of the dummy bank account under the same company name.

The account (a/c # 7013107011) was opened on 22/03/18 and the fraudulently obtained cheque was deposited into account the same day and within a matter of days the funds had been depleted with more than half the amounts wired to various personal bank accounts belonging to certain individuals.

Evidences have revealed that between 21 and 22 March 2018, Mr. Smith had gone into SIGTAS and manipulated the taxpayer records of SKY Holdings Ltd and registered a duplicate company name as S.K.Y Holdings Ltd.

SIGTAS records showed that Mr Smith had inserted dots or periods (.) in-between the letters 'SKY' making it look like 'S.K.Y' and tricked the system into believing that the two companies were different. According to SIGTAS, the genuine company name is 'SKY Holdings Ltd' with TIN # 500006434 and the duplicate company name he registered was 'S.K.Y Holdings Ltd' with TIN # 501064142.

When Mr Smith was questioned during an interview, he denied doing anything fraudulent or illegal. He said a genuine taxpayer fronted up at the counter with a genuine TIN application and he registered it. However, his actions show otherwise. A genuine TIN registration would have been done once but SIGTAS record showed that he had accessed company records repeatedly on 21 and 22 March 2018 and modified the records.

SIGTAS has a built-in system to capture duplicate or lookalike company/business names. When an identical or similar business/company name is entered into the system, a dialog box usually pops open stating that there is a possible duplication that must be reviewed.

On the part of the bank teller, he knew very well that there was an existing bank account under the same company name but facilitated the opening of the account by communicating with the IRC officer and received the TIN Certificate from him through his email and assisted the fraudsters in opening the new account and allowing the cheque to be deposited into the account. He then cleared the cheque the same day and allowed the funds to be withdrawn within the same week without allowing for the usual 14 days cheque clearance time.

If it wasn't for the bank teller, the crime would not have been committed but he played a crucial role in bypassing set guidelines and facilitating the cheque to be processed through the banking system. The investigation was not able to establish how much he gained from this deal but I believe he must have greatly benefited from it. The matter was referred to police for criminal investigation and prosecution but to date no one has been arrested.