

**RISK MANAGEMENT AND COMPLIANCE:  
LOOKING AT THE BIG PICTURE  
HOW TO IDENTIFY AND MANAGE MONEY-LAUNDERING RISK**

This presentation exposes money laundering from every perspective and will empower you to identify the types of businesses, products, and geographic areas that are havens for tainted funds. While learning the real meaning of “money laundering–related risks” you’ll be armed with insight about how to protect yourself and your company from the risks related to unwittingly dealing in tainted funds.

**ROBERT MAZUR  
President  
Chase & Associates, Inc.  
Tampa, FL**

Mr. Mazur, a former federal agent, is the author of *The Infiltrator*, a memoir about his undercover life as a money launderer within the Medellin Cartel and corrupt international banks that cleaned billions in drug fortunes. He is court certified in both the United States and Canada as an expert in money laundering. Mr. Mazur’s articles about money laundering have been published by many media outlets, including the *New York Times*. He has also been a major contributor to money laundering related programming aired by CNN, PBS, ABC, The History Channel, Univision, and other broadcasters. Mr. Mazur has testified on several occasions before Congress about money laundering threats around the globe. He is now the President of Chase & Associates, an investigative and consulting agency that provides enhanced due diligence, threat assessments, training, consulting, and other services to banks, law firms, public companies, and various government agencies.

“Association of Certified Fraud Examiners,” “Certified Fraud Examiner,” “CFE,” “ACFE,” and the ACFE Logo are trademarks owned by the Association of Certified Fraud Examiners, Inc. The contents of this paper may not be transmitted, re-published, modified, reproduced, distributed, copied, or sold without the prior consent of the author.

## **HOW TO IDENTIFY & MANAGE MONEY LAUNDERING RISK**

**PRESENTER: Robert Mazur**

### **CONFERENCE PRESENTATION PAPER**

Discover why a limited but aggressive segment of the international banking and business community markets “flight capital”, meaning money seeking secrecy from governments. “Flight Capital” consists of funds from various sources including:

- Tax evasion
- Evasion of Customs Duties
- Evasion of regulatory requirements
- Profits from dealing with prohibited nations
- Sales of black market goods
- Profits from white-collar crimes
- Illegal arms dealing
- Drug trafficking
- Money laundering
- Terrorism
- Pilfering of national assets

Through these and other sources, proceeds of crime seep into the “legitimate” business sector through a process generally facilitated by professional money launderers. Unwittingly or otherwise, accepting money from these sources and doing business with individuals that possess tainted funds can create risk for you, risk for your company, and create tremendous loss through damage inflicted on reputation.

Understand the three basic elements of the money laundering process:

- Placement – Getting currency into the banking/business system
- Layering – Moving funds through multiple accounts/jurisdictions/forms to disguise its origin
- Integration – Bringing the illicit funds into the legitimate business world

Gain appreciation for why, despite the enormous efforts of law enforcement, regulatory and compliance personnel, less than 1% of the more than \$400 billion in drug proceeds generated around the world each year is identified and seized.

Discover the types of businesses and transactions that carry the highest money laundering related risks for banks and other institutions that are required to comply with the Bank Secrecy Act:

- Cash generating businesses (domestic and international):
  - Casa de Cambios (*Money Service Businesses*)
  - Foreign Exchange Dealers
  - Bulk cash traders
  - Precious metals businesses

- Precious stones & jewelry businesses
- Check cashing businesses
- Casinos/gambling
- Businesses with bank accounts that routinely have excessively high and low balances:
  - Casa de Cambios
  - Factoring Companies
- Trade based businesses:
  - Global distributors of durable and bulk goods
  - Import/export businesses
  - Money Exchangers (*Official & black market money transfers*)
  - Businesses operating in Free Trade Zones
- Businesses in certain geographic areas:
  - Latin America
    - Mexico
    - Guatemala
    - Panama
    - Colombia
    - Venezuela
    - Ecuador
    - Bolivia
  - Middle East
    - Lebanon
    - Dubai
    - Abu Dhabi
    - Bahrain
- Businesses that have certain wire transfer patterns:
  - Substantial wires to and/or from money exchange businesses, especially those in Mexico and Lebanon.
  - Wires that are sent to companies in countries that offer little transparency, including Lebanon, Dubai and China
- Businesses with products that are difficult to measure:
  - Telecommunications businesses
  - Companies selling stored value cards, etc.)
- Transfers to Colombia in payment for services that are difficult to measure, such as the development of software, blueprints, etc.

Review details concerning a very recent global money laundering operation that incorporates most of the types of businesses and transactions noted above that carry the highest money laundering related risk (U.S. v AYMAN JOUMAA).

Money laundering risk affects most nations because it is a business, run by individuals and companies that offer services for a profit that at times can be as much as 20% or higher of the value of the gross amount of funds laundered in a given transaction. Like most large enterprises today, their business is global and feeds off the need for illicit funds to cross borders.

Receive a step by step bird's eye view from a former member of a black market money exchange about how black money markets operate, including the Black Market Peso Exchange. This detailed explanation will enable you to understand precisely how a loose knit group of bankers, stockbrokers, importers and other businessmen control the hundreds of billions of dollars moved through this informal money exchange process each year. This segment of the presentation will also arm you with knowledge about the red flags that appear on checks negotiated through the Black Market Peso Exchange process:

**Checks Contain:**

- Multiple style of entries
  - Handwritings vary
  - Inks vary
  - Types vary
- Contain odd symbols
  - Rabbit / turtle / diamond
  - Unique numbering
- Tape over amount

**Customer Payments:**

- Received from multiple third party accounts
- Received from multiple sources:
  - Money orders / travelers checks / cashier's checks
- Received from unrelated jurisdictions
- Received from haven countries

Attendees will be shown actual copies of cancelled checks negotiated through the black market and that bear the red-flags outlined above.

Learn why trade based money laundering has increased in popularity and how large volumes of narco-dollars are often transferred by international banks through their correspondent bank accounts, disguised as the repatriation of export revenue.

Gain insight into services provided by some international banks that have enabled high level money launderers and drug traffickers to launder huge sums of illicit funds, including:

- Steering clients to third party professionals for the creation of off-shore companies to frustrate transparency
- Offering certain services at the international bank:
  - Unlinked safe deposit boxes
  - Hold all mail
  - Personal visits abroad from account executives to convey account details
  - Back to back loans disguised to repatriate capital
  - “Stripping” wire transfers
  - Safe house locations for receipt of deposits from customers and their review of records

Discuss some of the most recent cases brought by U.S. authorities against various international banks, including UBS, Wachovia, and others. Learn what conduct by bank employees led to the government recently assessing hundreds of millions of dollars in fines against these institutions.

Understand the concept of “Willful Blindness” and how a banker’s or businessman’s utterance of “I don’t want to know where the money came from” can put that person behind bars.

Review a real life example of how off-shore entities created in Lichtenstein, B.V.I., Panama and other haven countries can be used to launder illicit funds and how the newly enacted Foreign Account Tax Compliance Act (FATCA) redefines how these off-shore havens will operate in the future.