

3rd National Anti-Money Laundering Conference

Prosecuting Money Laundering Crimes

9 November 2011
Holiday Inn, Suva

TOPIC: Case Study: "The Turtle Island Case"

Presenters:

Ms. Laisa Kubuabola: Analyst,
Fiji Financial Intelligence Unit

ASP. Puran Lal: Officer-in-
Charge, AML Unit, Fiji Police Force

Ms. Nancy Tikoisuva: Principal
Legal Officer, Office of the DPP.

Joint Presentation: DPP's Office, Fiji Police Force & Fiji FIU

"Turtle Island Case"

National AML Conference, Holiday Inn

*Presented by: Ms. Nancy Tikoisuva, ASP Puran Lal & Ms. Laisa
Kubuabola*
9th November 2011



Fiji Police Force



FijiFIU

Fiji Financial Intelligence Unit

Presentation Overview

Part 1 - Detection & Reporting of the Fraud

Part 2 – Investigation & Compiling of Evidence

Part 3 – Prosecution (Money Laundering & Civil Forfeiture)

Part 1 – Detection & Reporting

Presenter: Ms. Laisa Kubuabola
Analyst
Fiji Financial Intelligence Unit

Part 1 – Detection & Reporting

What was the fraud?

Reporting of the fraud

Analysis & Money Laundering Typology

Dissemination

Lessons Learnt

Turtle Island



What was the Fraud?

FORGERY OF 75
COMPANY
CHEQUES
FJ\$680,000



ALTERATION
OF 9 COMPANY
CHEQUES
FJ\$153,000

**Payment of
expenses**

**B1(26 yrs old)
Accountant for
Turtle Island**

Financial Institution



**B5 (28 yrs old)
Senior Bank
Officer, Sister of
B1**



**BANK
A**



**Bank account
of Turtle Island**



**Bank account
of Business Z**

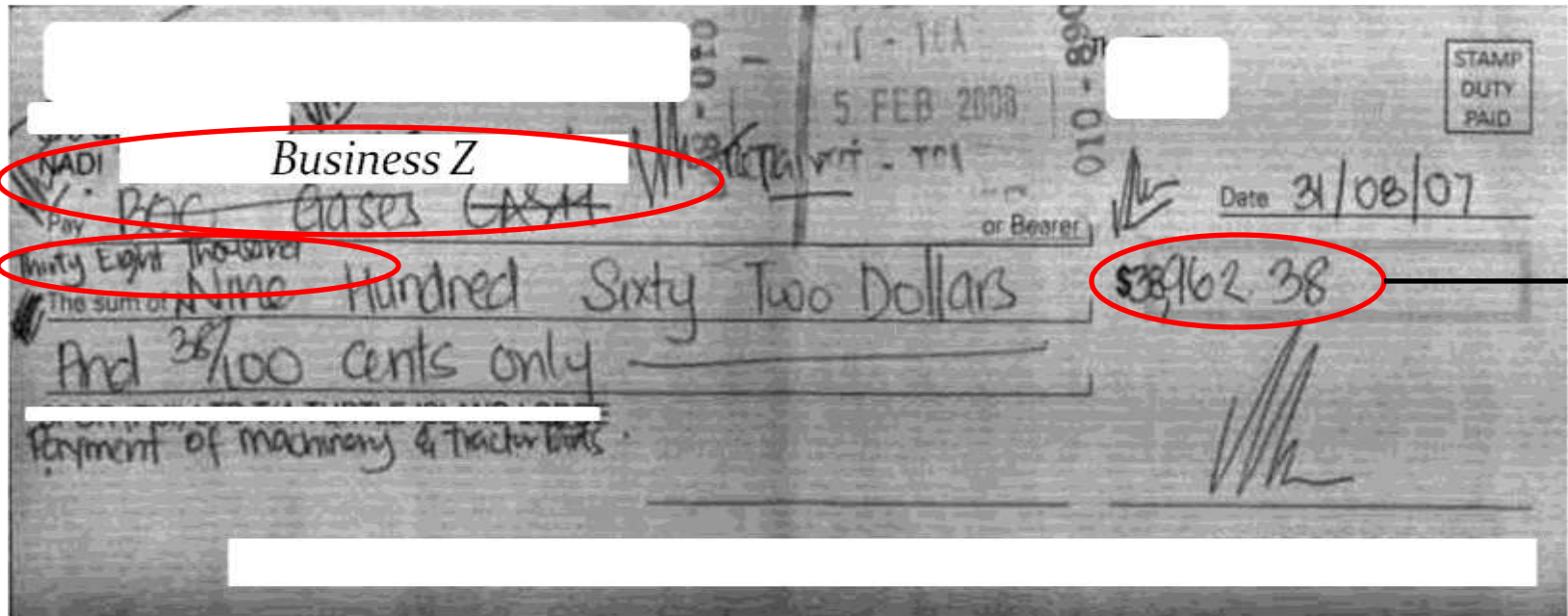


**BUSINESS
Z**



**B4(38 yrs old)
Shopkeeper/
Mechanic**

Altered Cheque Example



Added "Thirty Eight Thousand" to "Nine Hundred Sixty Two"

Altered payee from "BOC Gases" to "Business Z"

Added "38," to "962.38"

Detection of the Fraud

Flagged as a “Suspicious Transaction Report” to the FIU.

STR mandate: Section 14 of the Financial Transactions Reporting Act.

Elements of this legal requirement:

- Financial institution – defined in the Schedule includes banks, finance companies, FX dealers, lawyers, accountants etc.
- “suspect” or “reasonable grounds to suspect”
- Transaction = serious offence = ML = financing of terrorism

Suspicious Transaction Report

Suspicious Transaction Report
(Proceeds of Crime Act 1997)
(RBF Banking Supervision Policy Statement No: 6)

Details of Financial Institution and Place of Trans

**Bank B
(Reporting Institution)**

Person Conducting Transaction:

B1's personal details

Reporting Officers Details

Full Name of Officer Conducting Transaction:

Title/Position:

Signature:

Date:

Full Name of Officer Making Report:

Title/Position:

Signature & Date:

Grounds for Suspicion

Give details of the nature of and circumstances surrounding the transaction and the reasons for suspicion.

Account has been operational since 28/6/2007.

Trend of transactions indicates as if client is using this account for business purposes.

On 10/10/07, there were two cheque deposits as follows:

Upon enquiring, he advised that the \$18,500 was due to sale of his motor vehicle.

He also advised that he sells vegetables to Turtle Island Resort and the cheque of \$9652.78 is payment for this.

Appears as if client is conducting some sort of business and depositing in business funds into his personal account.

Transaction Details

Transaction Date:

Origin:

Destination:

Details of Facilities With Financial Institutions Involved

Account Name:

Account Number:

Account Type:

Bank/Branch:

Names of Signatories & Address:

Account Holder Full Name:

Address:

Bank account details of B1

Identification Details

Form of Identification:

Source:

YES NO YES NO YES NO YES NO

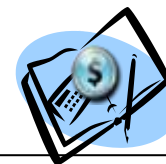
Sex: Male Female Age: years Race: Hair Colour: Eyes: Build: Distinguishing Marks:

Grounds for Suspicion:

He advised that he sells vegetables to Turtle Island Resort.....Appears as if client is conducting some sort of business....business funds into personal account



BANK B



Bank Account of B1



**B1 (26 yrs old)
Night Auditor –
Resort A**

Suspicious Transaction Report

FijiFIU
Fiji Financial Intelligence Unit

Suspicious Transaction Report (STR)

Please Complete in Ink and Capital Letters

Reporting of suspicious transactions is required under section 14 (1) (a) and (b) of the FTR Act 2004 and Part 3 of the FTR Regulations. Failure to report or reporting false or misleading information may result in fines of up to \$30,000 or 5 years imprisonment or both or a fine of up to \$150,000 for a corporate body.

PART A - IDENTITY OF PERSON CONDUCTING THE SUSPICIOUS TRANSACTION

1. Full Name (Title, Given Names and Surname)

Business Z & details

2. Occupation, Business or Principal Activity

NOT KNOWN

3. Business Address (Physical and PO Box)

4. Residential Address (Cannot be a PO Box)

5. Country:

Phone:

6. Citizen of Fiji

Yes ☒ No ☐ Mark with a Tick ☒

7. NON FIJI CITIZEN - Fiji Contact Address

Account Type:

Bank account details of Business Z

PART E - GROUNDS FOR SUSPICION

29. Give Details of the Nature and Circumstances Surrounding the Transaction and the Reason for Suspicion

DEPOSIT OF FRAUDULENTLY AMENDED CHEQUES OVER VARIOUS DATES

Payee, date and amount. Different signature/handwriting from [unclear] and [unclear] [unclear]

Continue on Separate Pg. If Required

Description of Person Conducting the Transaction if Satisfactory Evidence of Identity is not Produced (e.g. Approx. Age, Height, Build, Gender)

30. Is Additional Information Attached to this Report?

Yes ☐ No ☐ Mark with a Tick ☒

Please Specify:

PART F - REPORTING FINANCIAL INSTITUTION

31. Type of Financial Institution

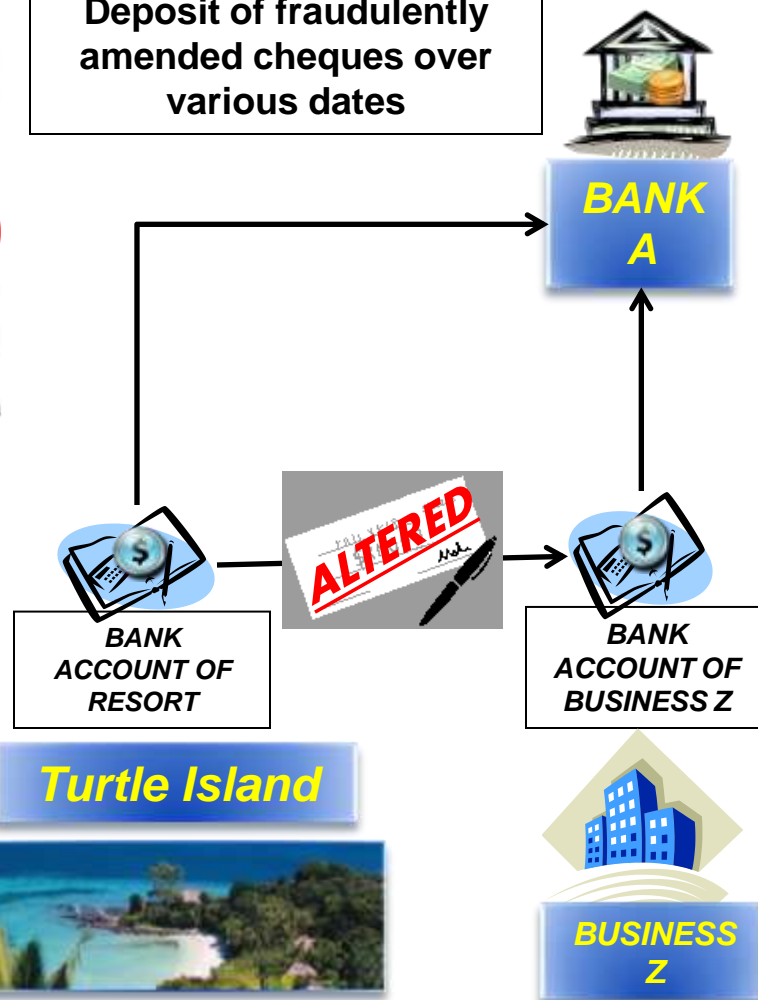
Commercial Bank

32. Full Name of Financial Institution

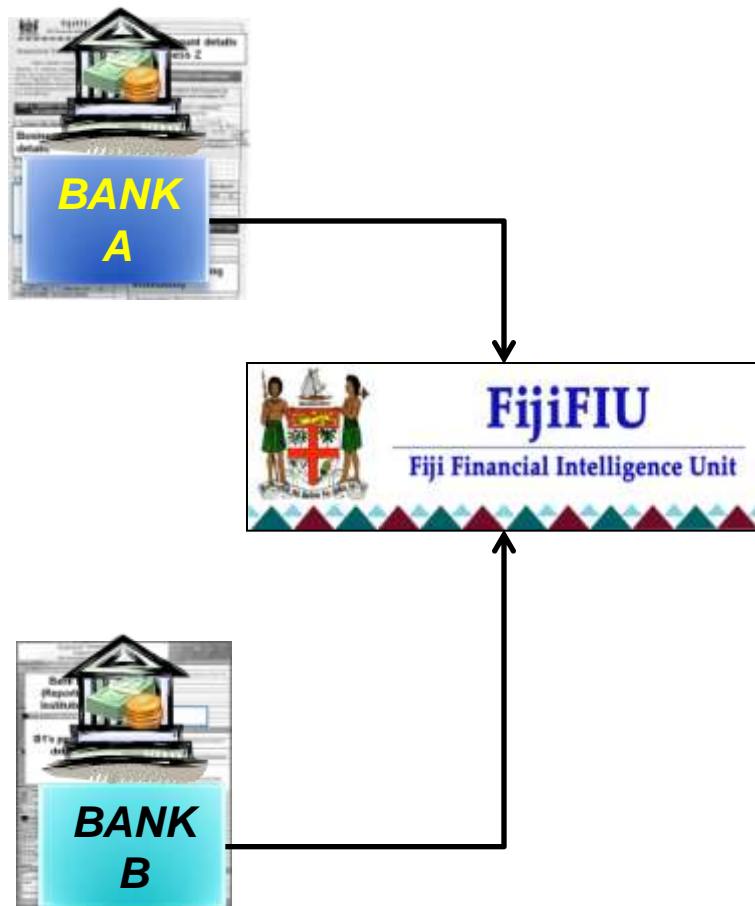
Bank A (Reporting Institution)

Grounds for Suspicion:

Deposit of fraudulently amended cheques over various dates



Receipt of the STRs



Joint Operation Meeting – Highlight urgency of case



Money Laundering Typology

Established a shell company (Business Z) i.e. a business entity without active business or significant assets.

Use of multiple bank accounts to create layers from the illegitimate source .

Use of relatives and associates to conceal the illicit funds.

Purchase of assets i.e. motor vehicles and property.

Analysis & Intelligence Development

Use of a shell company

9 altered cheques = \$153,000
(Within one month:
21/01/2008 – 15/02/2008)



Special answer



**BANK
ACCOUNT OF
BUSINESS Z**



**BUSINESS
Z**

**Immediate cash
withdrawals**



**B4 (38 yrs old)
Shopkeeper/
Mechanic**

Bank
Statement

Opened on 24 Dec
2007

28 Dec 2007 – First
deposit (Fraudulent
fax transfer of
\$36,000)

Identify altered
cheque deposits &
withdrawals

CDD
Information on
Business Z

Registered on 6
Feb 2007

Located in
Sigatoka

Small grocery and
machinery repair

CDD Information
on B4

Date of birth: 38
years old

Lives in Sigatoka

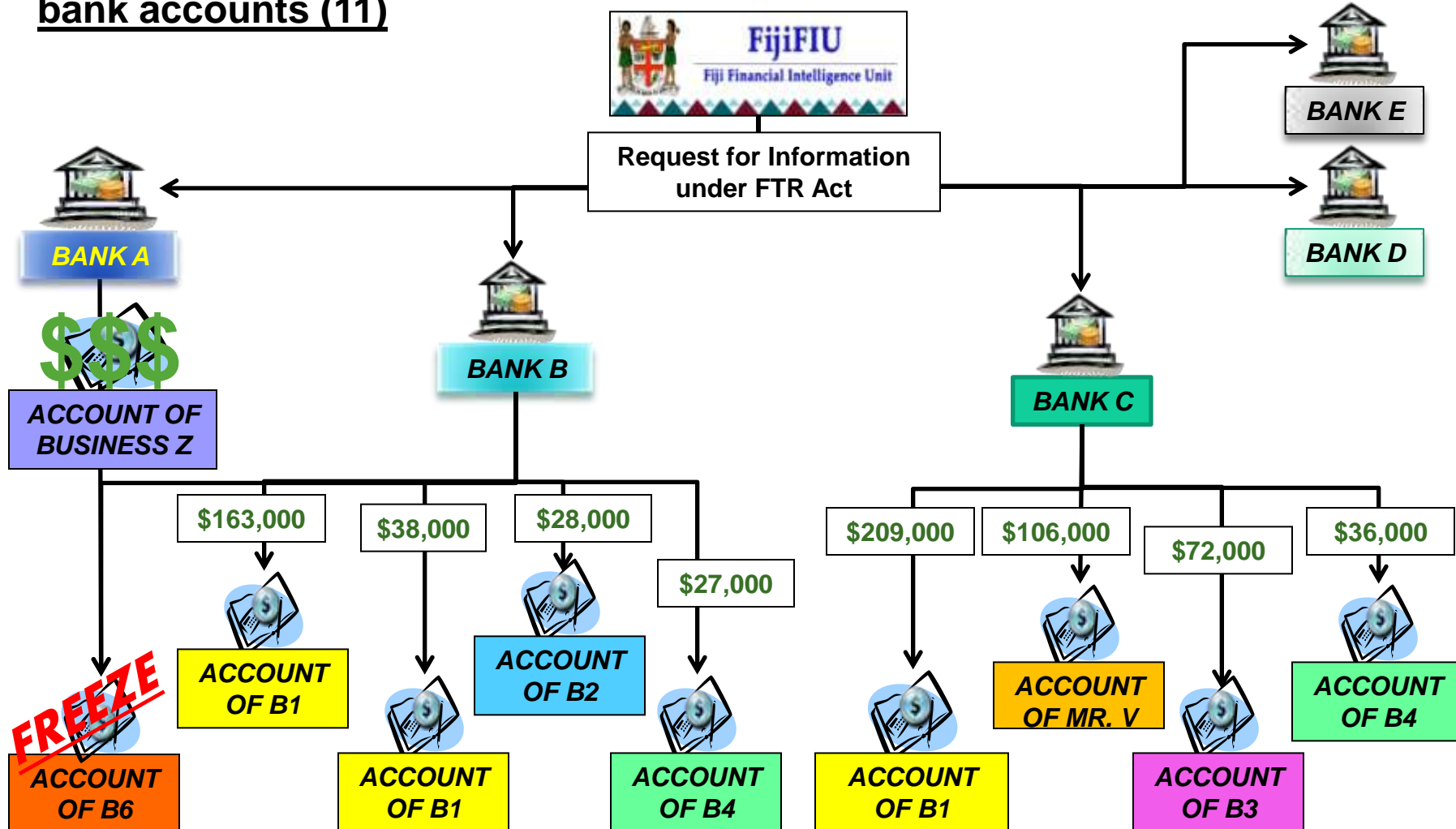
Sole Proprietor of
Business Z

Controlling
ownership

Signatory – B4

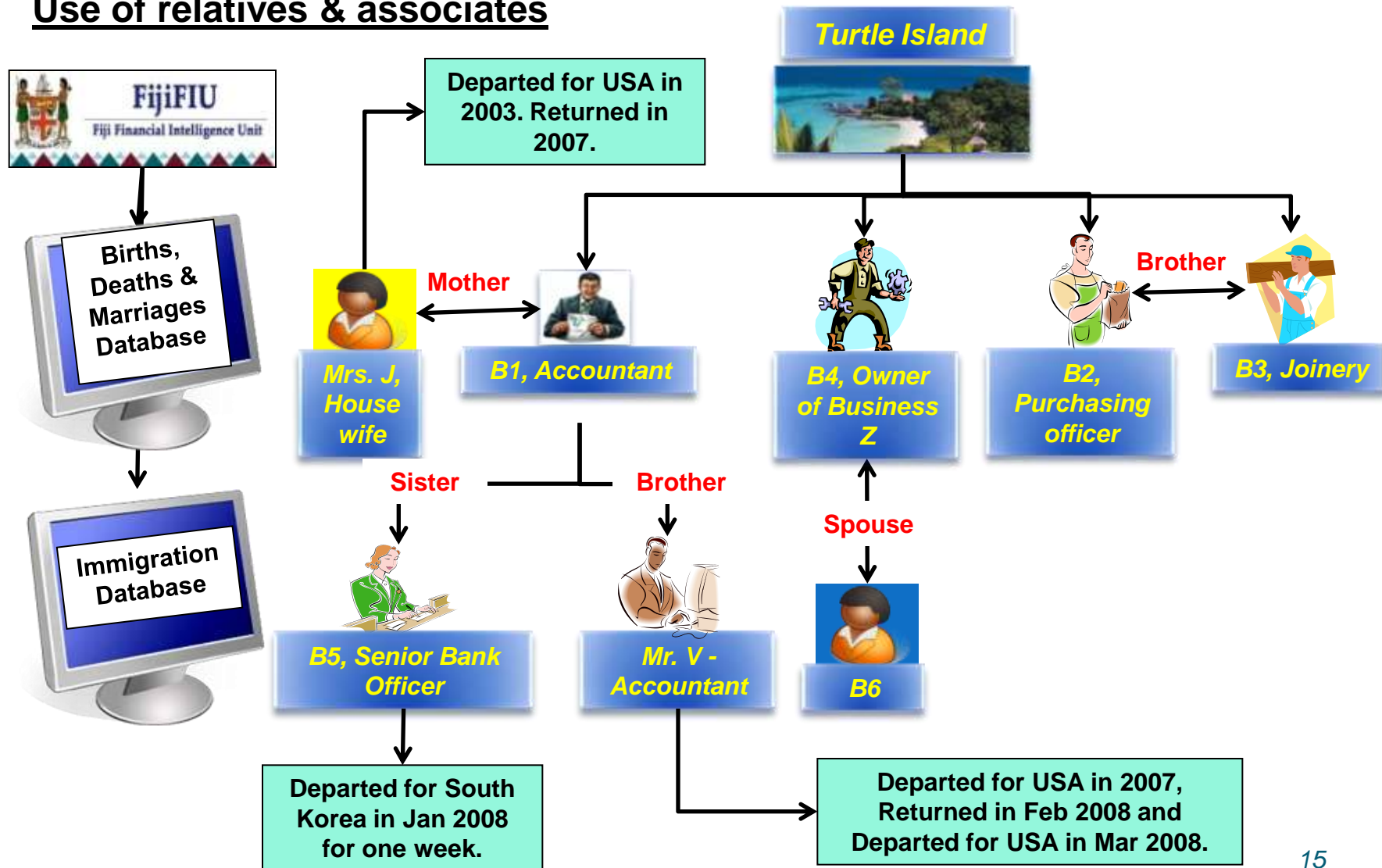
Analysis & Intelligence Development

Use of multiple bank accounts (11)



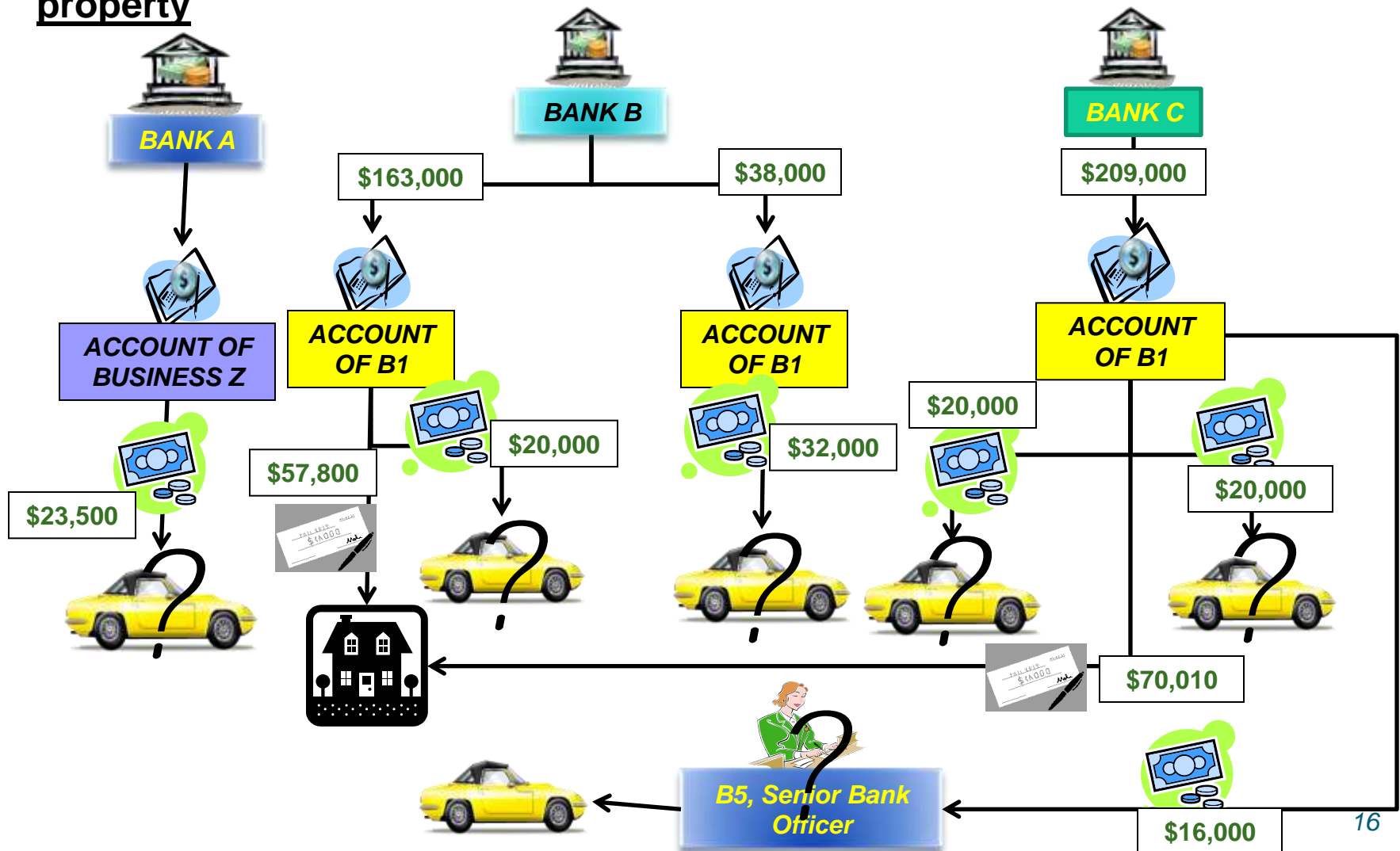
Analysis & Intelligence Development

Use of relatives & associates



Analysis & Intelligence Development

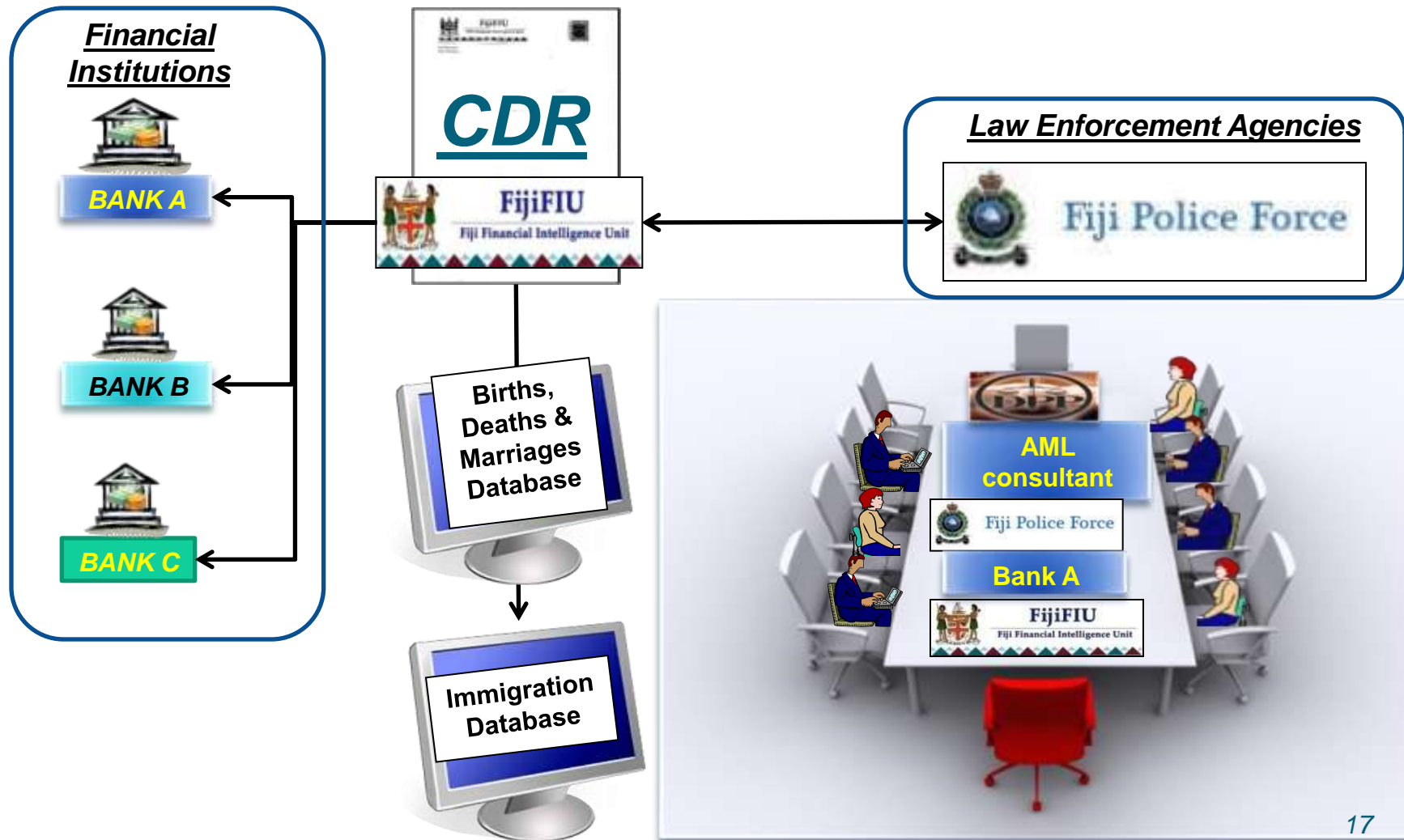
Purchase of assets i.e. Motor vehicles and residential property



Case Dissemination



48
HOURS



Lessons Learnt



Financial Institutions are at the forefront of the fight against ML. Importance of CDD and STRs.

Strengthen networks within law enforcement agencies.

Follow the money trail – How was the proceeds of crime used?



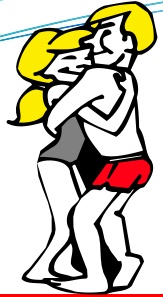
FijiFIU

Fiji Financial Intelligence Unit



Part 2 –Investigation & Compiling of Evidence

Presenter: ASP. Puran Lal
Officer-in-Charge
AML Unit, Fiji Police Force



Narcotics



*Human
Trafficking*



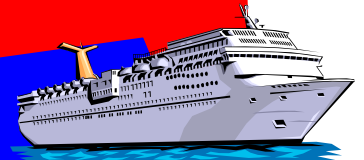
*Election
Fraud*



*Illegal
Gambling*



Terrorism



Customs Evasion



*Extortion or
Blackmail*



Corruption

Money Laundering

Embezzlement



Public Fraud



Embezzlement

*Sexual exploitation of
women and children*



Turtle Island Fraud: \$848,000





Forgery of Cheques

378 QUEE
NADI

Pay Budget Pharmacy or Bearer

Date 26/08/07

The sum of Seven Hundred Thirty Two Dollars \$1,732.74
And 74/100 cents only

SPOR (FJI) LTD T/A TURTLE ISLAND LODGE

STAMP
DUTY
PAID

378 QUI
NADI

Pay Amports Ltd or Bearer

Date 05/02/07

The sum of Fourteen Thousand Four Hundred Ninety One \$14,491.69
Dollars And 69/100 cents only

SPOR (FJI) LTD T/A TURTLE ISLAND LODGE
Dec Account

STAMP
DUTY
PAID

378 QUEE
NADI

Pay Bee Gases or Bearer

Date 31/08/07

The sum of Nine Hundred Sixty Two Dollars \$962.38
And 38/100 cents only

SPOR (FJI) LTD T/A TURTLE ISLAND LODGE
Payment of machinery & tractor hire

STAMP
DUTY
PAID

378 QUEE
NADI

Pay Mohram & Company or Bearer

Date 30/11/2007

The sum of Fourteen Thousand Seven Hundred Seventy \$14,773.74
Three Dollars And 74/100 cents only

SPOR (FJI) LTD T/A TURTLE ISLAND LODGE

STAMP
DUTY
PAID



Structuring Cash Deposits

83 Transactions amounting to \$848,000

Forgery of Turtle Island Letterhead



28/12/2007 - A fax on the letter head of Turtle Island is claimed to be received at Bank A Fax No. 6703984 at Nadi branch for transfer of funds from Turtle Island's A /C to Business Z's A/C

"Telecom printout confirms no fax was sent from Turtle Island fax to Bank A, Nadi"

28/12/2007 1318hrs "Accused sister calls accused on his mobile from her office landline"
28/12/2007 1356hrs "Bank officer transacted funds into their shell company account as Turtle Island held Fax indemnity with Bank A. Limit authorised by **accused sister**"



Interview
Suspects

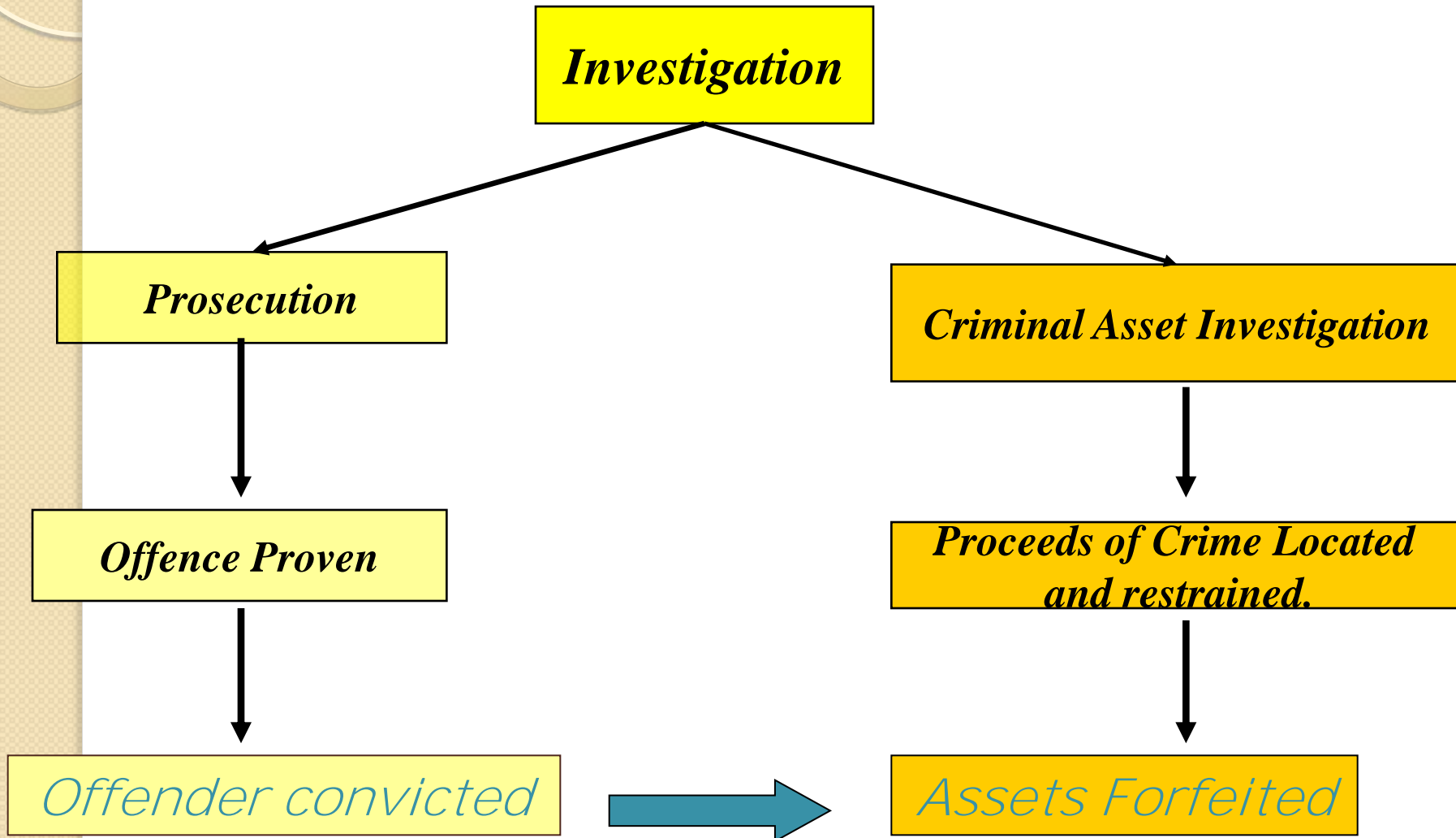


Meetings with
FIU, Bank A,
DPP and AML
Advisor



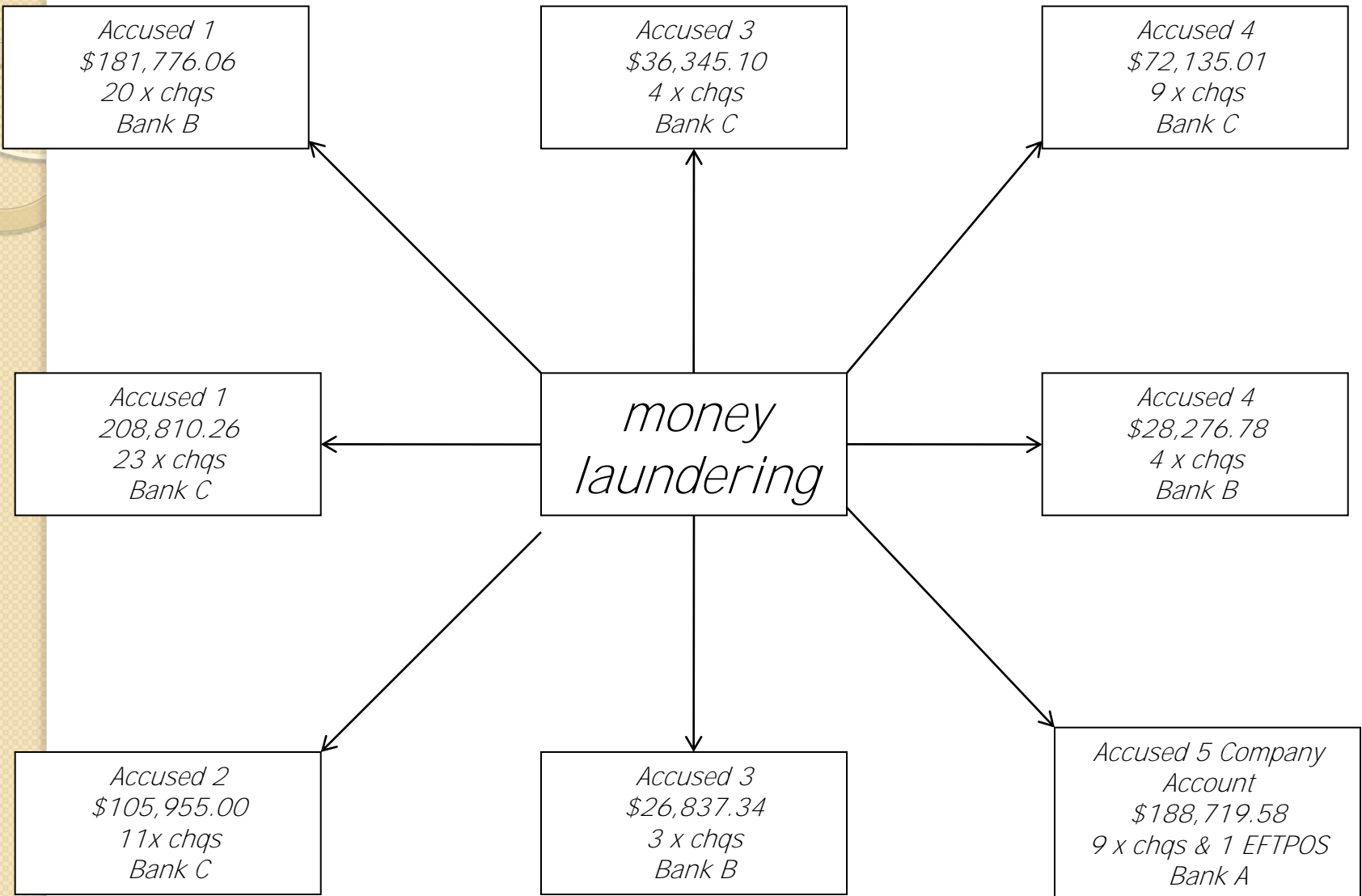
FIJI ISLANDS

Criminal Investigation/Civil Forfeiture



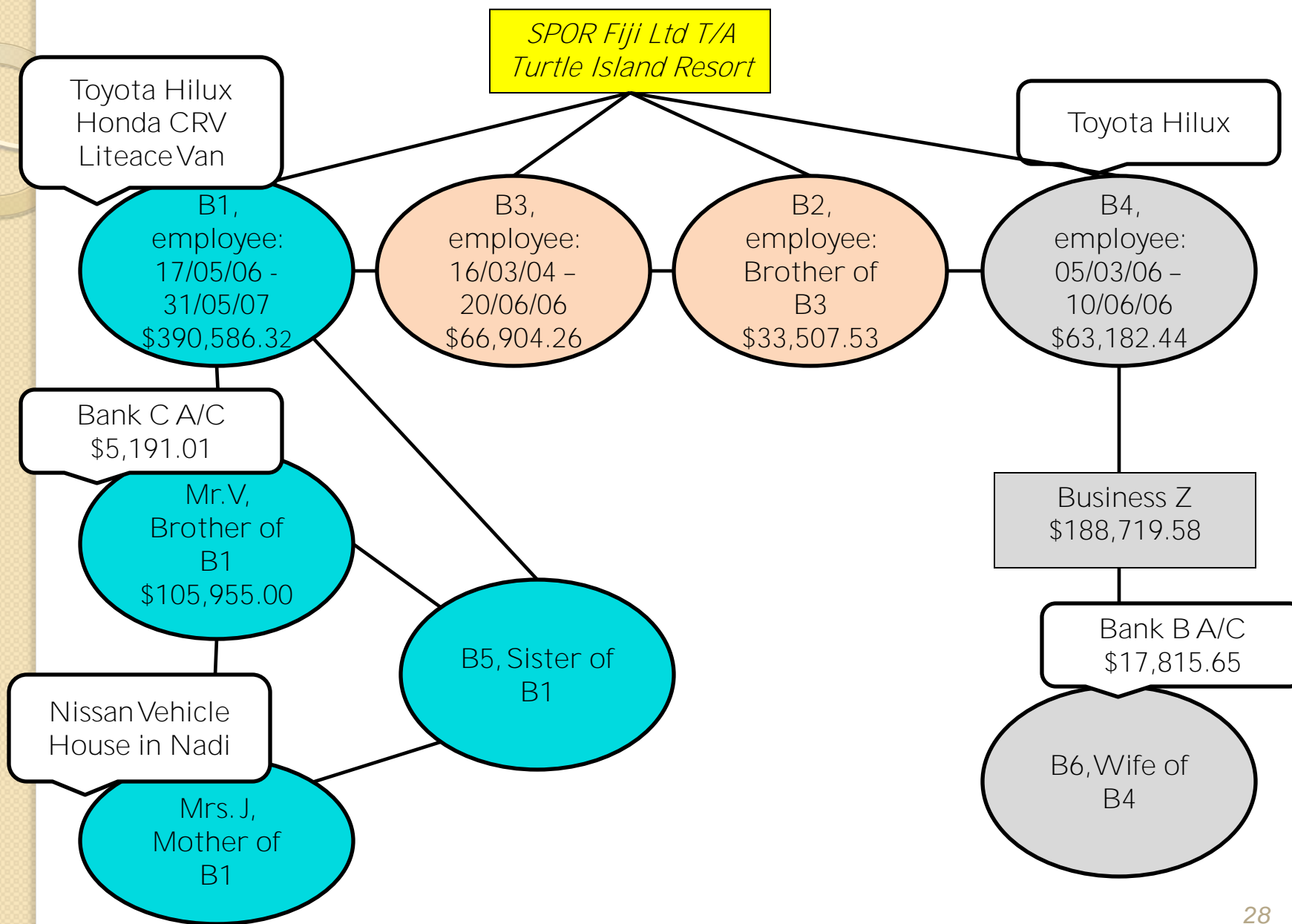


ATTACHMENT 'B' – FRAUDULENT CASH & CHEQUE FLOW CHART BANK ACCOUNT



TOTAL \$848,855.13
83 CHEQUES & 1 EFTPOS

ATTACHMENT 'D' – ASSOCIATION DIAGRAM – TAINTED PROPERTY



Persons charged



<u>Name</u>	<u>Offence</u>	<u>No.of Counts</u>
B1	F/Falsification of Account	67 Counts
	Larceny by Servant	1 Count
	Larceny	41
	Money Laundering	10 Counts
B4	Larceny	7 Counts
	Money Laundering	2 Counts
B2	Larceny	6 Counts
	Money Laundering	1 Count
B3	Larceny	4 Counts
	Money Laundering	1 Counts
B4	Money Laundering	1 Count
B5	Money Laundering	11 Counts
	Conspiracy to Defraud	1Count

Timeline B5

[Link](#)



DEPORTED



B5 Sister of Main Suspect





What we are looking for ?

To show where money obtained from the crime went – funds tracing.

To locate what assets the suspect has and sourcing the funds used to acquire them – asset tracing.

Asset Tracing



Funds Tracing

Properties RESTRAIN



<u>Vehicle No.</u>	<u>Owner</u>
Hilux	B1
CRV	B1
Liteace	B1
Nissan Sunny	Mrs. J
Hilux	B4
Corolla	B5 (Sister)
Cash (\$6,000.00)	A/C of Mr.V (Brother)

Proceeds of Crime- Vehicles





Cont...



***Forfeited Asset
Nadi***



CCTV Footage of Accused

- *Video*



Effective Control

If it is a car – who drives it?

If it is a house -

- Who lives in it?

- Who pays the rates?

- Who gave instructions to the builder?

- Who negotiated the purchase of the property?

- Who provided the funds for the purchase?

- Does the owner defer to the defendant in relation to decisions in respect of the property or generally?



Effective Control – Property. Forfeited to State Civil Forfeiture Sec 19C,19D,and 19E of the POC Act



If it is a house -

Who lives in it? Rented

Who pays the rates?

Who gave instructions to
the builder? Accused.

Who negotiated the
purchase of the property?

Who provided the funds for
the purchase?

Property not under accused
name. 100% finance from
Proceeds of Crime. Accused
collects the rent. Accused
sold house \$10,000.00



EFFECTIVE CONTROL OF PROPERTY MOTOR VEHICLE

Vehicle purchased from
Car Dealer Company
Lautoka .

Proceeds of 16,000 bank
cheque drawn from
accused west Pac account
used to fund for the Car.
Vehicle ownership changed
several times.

But remains in effective
control, of the accused.
Vehicle is tainted Prop her
claim of interest will not be
declared or protected.



17/03/2008

Sun

Police charge money launders

Two men who managing to launder money from a company in Nadi into their accounts were arrested and charged on Thursday.

Police said the incident, which took place late December last year and February this year, had involved amounts totaling \$147,000.

Assistant Police Spokesperson Corporal Josala Weicavu said the two men had been remanded in custody and would appear in court tomorrow.

"One of the accused is a 38 year-old mechanic of Malolo, Nadi and is charged with nine counts of utter-

ing forged documents, seven counts of receiving money on forged documents and a count of money laundering," said Corp Weicavu.

The second accused is charged with two counts of larceny and one count of money-laundering.

Corporal Weicavu said they recovered two vehicles and some valuable items as proceeds of crime and are looking for the third suspect who is a former accountant of the company.

The Police Money Laundering Unit investigated the case.





Lessons Learnt

Importance of domestic coordination and international cooperation.

Specialized training.

Manual for disposal of forfeited assets including storage facility for proceeds of crime.

Part 3 – Prosecution (Money Laundering & Civil Forfeiture)

Presenter: Ms. Nancy Tikoisuva
Principal Legal Officer
Office of the DPP

Prosecution Challenges

Preparation of Charges

Preparation and collation of documents and evidence for Restraining Order and Civil Forfeiture.

Forfeiture Application

Trial Matters

Inter-agency cooperation



Charges

Initial Charges – all 6 accused were charged separately for Money Laundering and Fraud Offences and the cases were consolidated in one INFORMATION;

- Challenges in identifying the appropriate charges

- Larceny Charges at First Call.

- Fraudulent Falsification of Accounts

Information – 29 counts;

Consisted of Conspiracy, Forgery, Uttering of Forged Documents, Causing Payment by Virtue of Forged Documents, Obtaining Money by Virtue of Forged Documents;

Final Charges – Total of 33 counts

Money Laundering Charges against B1, B4, B6. Increased from 2 counts to 4 counts



Charges

6 separate Court Files

6 separate High Court Files

118 counts in one of the files against B1.

Challenges:

- Collating all the different files and merging it into one file

- Parallel Investigation were still continuing into the properties

- Civil Action by Accused persons on the release of properties.



Collating the Evidence for Civil Forfeiture

6 Officers of DPP; Investigating Officers and other
AML Police Officers

Preparing the Originating Summons and Affidavit –
Civil Application

11 Defendants to the proceedings

3 Arch lever files; 11 parties – TOTAL = 33 arch levers

Involved officers DPP and Police from Suva and
Lautoka.



Forfeiture Application

Knowing the provisions of POCA

Civil Action

Filing of numerous documents

- The Application itself

- The service of the Originating Summons and Affidavit

- 3 Defendants could not be served

- Application for substituted service

- Substituted Service via AD in newspaper

- Affidavit verifying the substituted service

- Time Limits under the High Court Rules



Forfeiture Application

Only B5 filed affidavit in response

Largely uncontested

B5 – seeking to declare interest

Court refused – “mingling”

Leading the Paper Trail for each property.



Forfeiture

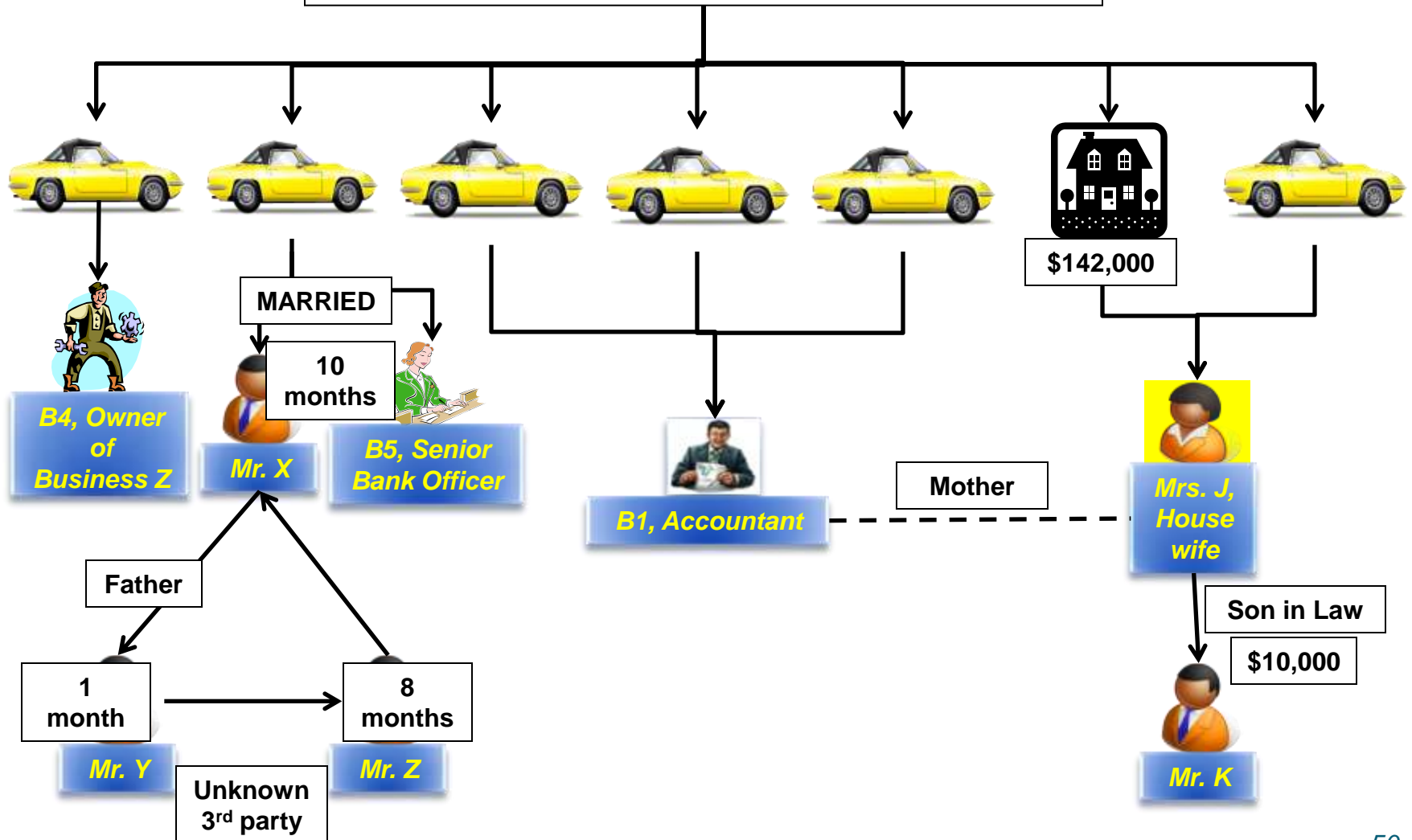
Evidential Links between the assets and serious offence

Tainted property – property used in or in connections with the commission of the offence or intended to be used in or in connection with to commission of the offence OR proceeds of crime.



Forfeited Assets

Tainted property (defined in the POC Act)



Trial Matters

Commission Sitting under section 120 of CPD

First time under CPD.

Application by way of Notice of Motion and Affidavit
of owner of Turtle Island

73 years old

Heart condition

Medication

Application granted and Magistrate sat and heard the
evidence of owner of Turtle Island.



Trial Matters

Exhibits:

Original Cheques (84)

Cheque Butts

Deposit Slips and Withdrawal Slips of 3 Banks

Bank Statements of all 6 accused, Turtle Island and other suspects

Video Footage at Banks (3)

Audio and Transcript of Bank Interview of B5

Signature Print of B5 - access to Banks system

LTA Records for 6 vehicles

Transfer Documents of Property in Nadi

Cheques and Bank Drafts used for purchases



Witnesses

Owner of Turtle Island

Auditor

Bank Officers

Bank Fraud Investigators

Bank Managers

Clerical Officer – Law Firm

Civilians

Police Officers



Case Theory

Cheques were altered in values.

Cheques made to B1, B2, B3, B4 + B5 (Company), and another suspect.

All cheques to individuals were all under the value of \$10,000 to avoid detection by bank

Cheques to the Company exceeded \$10,000

Certain checks had STOPS placed by owner of Turtle Island

B5 – lifts the STOPS ;

Signature prints on Bank system (eg.)



Conspiracy Evidence

All accused charged with Conspiracy to Cause Payments

Circumstantial Evidence (strands in a rope):

- Showing the link of relationship between each accused

- Acts of each accused linking to the forged cheques

 - B1 forges it – makes payments out

 - B3 and B2 are brothers; B3 is room-mate of B1

 - B4 works together with all 3 above

 - B5 is sister of B1

 - B6 is wife of B4.

Use of documentary evidence (eg) Bank Statements, Record of Interview, Bank Records of movements of money.



Forgery Charges

Charging of B2, B3 and B4 for Forgery

They did not do the actual forgery BUT...

How else would these accused persons have obtained the monies from SPOR (Fiji) Ltd t/a Turtle Island Resort into their respective bank accounts?

- not entitled to personally receive any money from Turtle Island

- They did not take nor were they given any loan from Turtle Island at the times of the alleged offences

- "Shell Company" had no business engagements with Turtle Island at any time.



Money Laundering Charges

2 counts against B1, B4 and B6 for the deposit and withdrawal of money

3 counts against B1 for purchase of house, and 2 vehicles

1 count against B4 for purchase of vehicle



Transaction for the Money Laundering Charges

Deposit of \$16,000 – Bank Statement

Withdrawal of \$17, 250 – Bank Statement

House

EK 997

FB 384

FF 171



Conclusion

Money Laundering and Fraud investigation needs to have parallel proceeds of crime investigation;
Inter-departmental cooperation is a must;
Civil society cooperation is also crucial;
Understanding the Court process
Success of TURTLE ISLAND Case is from the inter-agency cooperation.





THANK YOU!

Questions