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

National AML Conference, Holiday Inn

Presented by: Ms. Nancy Tikoisuva, ASP Puran Lal & Ms. Laisa Kubuabola

9th November 2011
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

FORGERY OF 75 COMPANY CHEQUES FJ$680,000

What was the Fraud?

ALTERATION OF 9 COMPANY CHEQUES FJ$53,000

Payment of expenses

B1 (26 yrs old)
Accountant for Turtle Island

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

B4 (38 yrs old)
Shopkeeper/ Mechanic

Financial Institution

BANK A
Bank account of Turtle Island

Bank account of Business Z

BUSINESS Z
Altered Cheque Example

- Altered payee from “BOC Gases” to “Business Z”
- Added “Thirty Eight Thousand” to “Nine Hundred Sixty Two”
- Added “38,” to “962.38”
Flagged as a “Suspicious Transaction Report” to the FIU.


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
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
**Suspicious Transaction Report**

**Bank account details of Business Z**

**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.
**Use of a shell company**

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

**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

**Immediate cash withdrawals**

**Special answer**
ü Use of multiple bank accounts (11)

ACCOUNT OF BUSINESS Z

$163,000

ACCOUNT OF B6

ACCOUNT OF B1

ACCOUNT OF B2

ACCOUNT OF B4

ACCOUNT OF B1

ACCOUNT OF B3

ACCOUNT OF MR. V

$27,000

$38,000

$28,000

$209,000

$106,000

$72,000

$36,000

BANK A

BANK B

BANK C

BANK D

BANK E
Use of relatives & associates

- **B1, Accountant**
- **B2, Purchasing officer**
- **B3, Joinery**
- **B4, Owner of Business Z**
- **B5, Senior Bank Officer**
- **B6**

**Turtle Island**


- **Mother**
- **Sister**
- **Brother**
- **Spouse**

- **Mrs. J, House wife**
- **Mr. V - Accountant**

- Departed for South Korea in Jan 2008 for one week.
Purchase of assets i.e. Motor vehicles and residential property

BANK A

ACCOUNT OF BUSINESS Z

$23,500

$57,800

$20,000

ACCOUNT OF B1

$163,000

BANK B

$38,000

ACCOUNT OF B1

$70,010

BANK C

ACCOUNT OF B1

$209,000

$20,000

$32,000

$20,000

$20,000

$16,000

B5, Senior Bank Officer
Case Dissemination

Financial Institutions
- BANK A
- BANK B
- BANK C

Law Enforcement Agencies
- Fiji Police Force

AML consultant
- Fiji Police Force
- Bank A

CDR

FijiFIU
Fiji Financial Intelligence Unit

Births, Deaths & Marriages Database

Immigration Database

48 HOURS
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?
Part 2 – Investigation & Compiling of Evidence

Presenter: ASP. Puran Lal
Officer-in-Charge
AML Unit, Fiji Police Force
Sexual exploitation of women and children
Narcotics
Human Trafficking
Embezzlement
Money Laundering
Public Fraud
Election Fraud
Illegal Gambling
Terrorism
Customs Evasion
Extortion or Blackmail
Corruption
Turtle Island Fraud: $848,000
Forgery of Cheques
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 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"
Identify Tainted Assets

Interview Suspects

Meetings with FIU, Bank A, DPP and AML Advisor

Obtain Original Documents

Restraining Order Bank Account of Accused Bank A

AML Advisor

Bank A

FijiFIU Fiji Financial Intelligence Unit

Fiji Police Force
Criminal Investigation/Civil Forfeiture

Investigation

Prosecution

Offence Proven

Offender convicted

Criminal Asset Investigation

Proceeds of Crime Located and restrained.

Assets Forfeited
ATTACHMENT 'B'

FRAUDULENT CASH & CHEQUE FLOW CHART BANK ACCOUNT

Accused 1
$181,776.06
20 x chqs
Bank B

Accused 2
$105,955.00
11 x chqs
Bank C

Accused 3
$36,345.10
4 x chqs
Bank C

Accused 3
$26,837.34
3 x chqs
Bank B

Accused 4
$72,135.01
9 x chqs
Bank C

Accused 4
$28,276.78
4 x chqs
Bank B

Accused 5 Company Account
$188,719.58
9 x chqs & 1 EFTPOS
Bank A

TOTA L $848,855.13
83 CHEQUES & 1 EFTPOS
**ASSOCIATION DIAGRAM | TAINTED PROPERTY**

**SPOR Fiji Ltd T/A Turtle Island Resort**

- **Toyota Hilux**
- **Honda CRV**
- **Liteace Van**

**B1**, employee: 17/05/06 - 31/05/07
$390,586.32

- **Bank C A/C**
  $5,191.01

- **Mr. V**, Brother of **B1**
  $105,955.00

- **Nissan Vehicle**
  House in Nadi

**B5**, Sister of **B1**

**B3**, employee: 16/03/04 - 20/06/06
$66,904.26

**B2**, employee: Brother of **B3**
$33,507.53

- **B4**, employee: 05/03/06 - 10/06/06
  $63,182.44

**Business Z**
$188,719.58

**Bank B A/C**
$17,815.65

- **B6**, Wife of **B4**

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- **Toyoda Hilux**
- **Honda CRV**
- **Liteace Van**

**Mr. V**, Brother of **B1**

**Mrs. J**, Mother of **B1**
<table>
<thead>
<tr>
<th>Name</th>
<th>Offence</th>
<th>No.of Counts</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>F/Falsification of Account</td>
<td>67 Counts</td>
</tr>
<tr>
<td></td>
<td>Larceny by Servant</td>
<td>1 Count</td>
</tr>
<tr>
<td></td>
<td>Larceny</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Money Laundering</td>
<td>10 Counts</td>
</tr>
<tr>
<td>B4</td>
<td>Larceny</td>
<td>7 Counts</td>
</tr>
<tr>
<td></td>
<td>Money Laundering</td>
<td>2 Counts</td>
</tr>
<tr>
<td>B2</td>
<td>Larceny</td>
<td>6 Counts</td>
</tr>
<tr>
<td></td>
<td>Money Laundering</td>
<td>1 Count</td>
</tr>
<tr>
<td>B3</td>
<td>Larceny</td>
<td>4 Counts</td>
</tr>
<tr>
<td></td>
<td>Money Laundering</td>
<td>1 Count</td>
</tr>
<tr>
<td>B4</td>
<td>Money Laundering</td>
<td>1 Count</td>
</tr>
<tr>
<td>B5</td>
<td>Money Laundering</td>
<td>11 Counts</td>
</tr>
<tr>
<td></td>
<td>Conspiracy to Defraud</td>
<td>1 Count</td>
</tr>
</tbody>
</table>
Timeline B5

- Link
DEPORTED

B5 Sister of Main Suspect

Fiji Police Force

New Zealand Police
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.
<table>
<thead>
<tr>
<th>Vehicle No.</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hilux</td>
<td>B1</td>
</tr>
<tr>
<td>CRV</td>
<td>B1</td>
</tr>
<tr>
<td>Liteace</td>
<td>B1</td>
</tr>
<tr>
<td>Nissan Sunny</td>
<td>Mrs. J</td>
</tr>
<tr>
<td>Hilux</td>
<td>B4</td>
</tr>
<tr>
<td>Corolla</td>
<td>B5 (Sister)</td>
</tr>
<tr>
<td>Cash ($6,000.00)</td>
<td>A/C of Mr. V (Brother)</td>
</tr>
</tbody>
</table>
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.
Police charge money launderers

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 Josias Welcavu said the two men had been remand in custody and would appear in court tomorrow.

"One of the accused is a 38 year-old manager of Maleko, Nadi and is charged with nine counts of uttering forged documents, seven counts of receiving money on forged documents and a count of money laundering," said Corp Welcavu.

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

Corporal Welcavu 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 connection with the commission of the offence or intended to be used in or in connection with commission of the offence OR proceeds of crime.
Forfeited Assets

Tainted property (defined in the POC Act)

B4, Owner of Business Z
Mr. X
Father
Mr. Y
1 month
Unknown 3rd party

B5, Senior Bank Officer

Mr. Z
8 months

B1, Accountant

MARRIED
10 months

Mrs. J, Housewife

Mother

Son in Law

Mr. K
$142,000

$10,000
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.
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 of 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 \( \dagger \) lifts the STOPS;
  - Signature prints on Bank system (e.g.)
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

• 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
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