

## AML/CFT Typology Bulletin period ending May 2018



*Bank Use Promotion & Suppression of Money Laundering Unit*

### **Cash dealing through Tobacco Farmers pay-outs**

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#### **1. Preamble**

This typology bulletin is issued in fulfilment of the Financial Intelligence Unit's mandate to disseminate Strategic Analysis reports (Typologies) as guided by the FATF Recommendation two (2) and Recommendation twenty nine (29), whereby Financial Intelligence Units will disseminate relevant strategic analysis information to relevant stakeholders in the fight against Money Laundering and Terrorist Financing.

#### **2. Modus Operandi**

Some bank officials are conniving with cash dealers by making payments to cash dealers on the pretext that they are Tobacco farmers. This practise is associated with corruption.

#### **3. Background**

The government availed a facility for Banks to pay USD300 cash to Tobacco farmers for each sale made to any Tobacco auction floor, while the remainder would be paid through normal existing methods such as normal withdrawals, RTGS and other forms of payment. Trends observed from STRs received indicate that some accounts

are now benefitting daily from this account even though they would not have received pay-outs from Tobacco sales.

#### **4. Strategic Analysis**

It has come to the attention of the Financial Intelligence Unit that some clients are abusing the United States Dollars withdrawal facility meant for tobacco farmers' pay-outs from Banks after conniving with bank officials. The withdrawn cash is then sold on the black market for a premium and the proceeds deposited back into the dealers' accounts to fund the accounts for more similar withdrawals.

#### **5. Findings**

- The government availed a facility to cushion Tobacco farmers by allowing them to withdraw USD300 cash from each sale of tobacco made.
- Some bank officials mainly tellers are corruptly conniving with criminals and cash dealers to benefit from this facility.
- This was discovered through repeated such withdrawals by certain accounts even though they would not have made sales of tobacco.
- The activities in the suspicious accounts were then followed by transaction that are consistent with cash buying and selling trends.
- It is the Unit's strongest suspicion that this malpractice was precipitated by corruption and benefitting by both the cash dealers and the bank officials.

#### **6. Impact**

Crimes of corruption, gold and cash smuggling and illegal dealing in cash or gold are predicate offences to money laundering. The 2015 Zimbabwe National Risk Assessment (NRA) reported that corruption, dealing in precious stones and Smuggling are within the top five crimes that generate proceeds being smuggled.

Corruption is eroding the integrity of many institutions and making it difficult to bring culprits to book. Illegal cash dealing whether selling or buying has contributed to long queues at banks, cash shortage and distortions in exchange rates as cash is now in the streets and not in banks. It is highly likely that the collected funds are being used to fuel cash dealing and cash smuggling out of the country funding offshore accounts or being used to illegally purchase gold which again is smuggled out of the country.

## **7. INDICATORS/RED FLAGS**

The following may be considered to be potential indicators that may assist reporting entities and the general stakeholders to identify potential money laundering activities involving buying and selling of cash through tobacco farmers pay-outs. They are also intended for use by law enforcement agencies in their investigations and understanding the methods being used by criminals. It is very important to note that these are indicators only, and are intended to aid profiling and a prompt for further investigations and enquires. They are not definitive descriptors of criminal activity warranting immediate action. However applicability of multiple indicators may be a reasonable grounds for suspicion.

- Cash withdrawals stated as proceed from tobacco sales when in fact they are not.
- Suspicious repeated withdrawals under the tobacco farmers USD withdrawal scheme.
- Numerous bank and e-wallet transfers into an account.
- Increase in Tobacco withdrawals on one teller.

## **8. Recommendation**

This report therefore serves to advise all financial institutions to be aware of these trends, methods and their possible money laundering implications and to treat them accordingly. Banks are urged to strictly monitor transactions emanating from tobacco sales and report suspicious transaction.

A handwritten signature in black ink, appearing to read 'M.E. Chiremba', written over a horizontal line.

**M.E. Chiremba**  
**Director General**  
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