

AML/CFT TYPOLOGY BULLETIN 1/2019

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Financial Intelligence Unit

ML and Forex Dealing through MTAs, Diplomats or NGO pay out points

1. Targeted Circulation

- Money Transfer Agencies (MTAs)
- Banks' Diplomatic and NGO centres
- Police

2. Background

It has come to the attention of the Financial Intelligence Unit that some employees working for MTAs and Banks' Diplomatic and NGO centres are conniving with external forex dealers to syphon forex from MTAs, Banks' Diplomatic and NGO centres.

3. Case studies

Case Study one

- Some bank tellers working in Banks' Diplomatic or NGO centres are conniving with forex dealers to syphon United States Dollars from these centres.
- The forex dealers deposit money either as cash or local RTGS into accounts belonging to Diplomats or NGO employees.

- These monies are then withdrawn at the Diplomatic or NGO banking centre as United States Dollars which is then sold on the parallel market and the gotten funds are deposited again into these Diplomatic or NGO accounts and withdrawn as United States Dollars.

Case Study two

- Some Bank staff working in the Treasury and IT have hatched a plan to syphon United States Dollars from their unsuspecting banks.
- These employees arrange with forex dealers to deposit bond notes or local RTGS funds into some accounts and withdraw the funds as United States Dollars.

Case Study Three

- Some MTA clients are abusing the MTAs' facility of making pay-outs in USD currency.
- The clients are sending funds through local RTGS or Bond notes and their beneficiaries are receiving pay-outs in USD.
- In some cases the beneficiaries are using fake identity documents.
- This fact is supported by a transaction at one of the MTAs.
- It was noted that the details of the beneficiary's National Identity Card are fake and since then the beneficiary has not turned up to collect the sent money.
- The sender has been asked to come and withdraw the transaction which is now long overdue but he is giving excuses and not willing to come.

4. Findings

- The Unit received a number STRs pointing to numerous local currency transactions at targeted MTAs, Diplomatic and NGO Banking centres by a repeated few individuals.
- Further findings revealed that these transactions were increasing and were being done by a repeated few individuals whose beneficiaries were getting pay-outs in United States Dollars.

- The rate of the transfers and deposits was not consistent with the account holders' known transaction records.
- An increase in these transactions emerged soon after parallel market foreign exchange rates shot up.
- It is the Unit's strongest suspicion that monies received through these payouts are being used for buying and selling cash on the parallel market.
- It is also our suspicion that in most of these transfers there could be involvement of internal staff.

5. Impact

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. MTAs are likely to face loss in millions of dollars from their NOSTRO accounts after these USD deductions being effected on their accounts against deposited Bond and RTGS funds.

6. Indicators/Red Flags

The following may be considered to be potential indicators that may assist MTAs, Banks, other reporting entities and the general stakeholders to identify Suspicious activities with a potential for money laundering activities involving buying and selling of cash through USD withdrawals from MTAs, Banks' Diplomatic and NGO centres. 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.

- Numerous transfers by an individual
- Deposits inconsistent with the customer's profile
- Repeated transactions involving local Bond or RTGS
- Repeated MTA cash receiving individuals
- Use of fake identity particulars for sending and receiving funds

7. Recommendation

This report therefore serves to advise all Banks and MTAs to be aware of these trends, methods, their possible money laundering implications, potential financial loss and to treat them accordingly. The Unit proposes a few preventative measures as follows,

- Delaying the payment so as to verify with the sending agent the mode of transfer, whether it was, local Bond note, RTGS or USD and pay accordingly.
- If the sending MTA agent is a local one encourage the beneficiary to go and collect their funds from the sister organisation in the receiving city.
- The originating MTA may immediately pay-out the funds in the receiving town and contact the receiver to come collect their funds.
- Diplomatic and NGO centres should closely monitor transactions in the customers' accounts



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