



Belgian Financial Intelligence Processing Unit

19th Annual Report
2012

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I. PREFACE

In accordance with the Law of 11 January 1993 on preventing use of the financial system for purposes of money laundering and terrorist financing CTIF-CFI received a total of 21.000 disclosures in 2012, which is a 12,5 % increase compared to 2010.

In December 2013 CTIF-CFI will celebrate its twentieth anniversary. Another landmark was the record amount reported to the judicial authorities: a total amount of EUR 2 billion 250 million. This figure includes 8 files in which money from organised crime and serious and organised fiscal fraud was laundered and large quantities of gold worth nearly EUR 1 billion were sold and the proceeds were subsequently withdrawn in cash.

The number of disclosures received in 2012 in itself accounts for nearly 10% of the total number of disclosures that CTIF-CFI received since its creation (219.698).

The amounts related to the information reported to the judicial authorities in 2012 also make up some 10% of the total amount reported to the judicial authorities over a twenty-year period (EUR 21.795,16 million).

The judicial follow-up of the information that CTIF-CFI forwarded to all Belgian Public Prosecutor's Offices in Belgium results in a cumulative amount of EUR 133,277 million in fines and confiscations, or an annual average of EUR 33,44 million, i.e. nearly 1,5% of the detected amounts reported by CTIF-CFI in 2012.

What do these statistics mean?

First of all we should state that we cannot make a diagnosis or find easy answers to cross-borders issues as broad and complex as money laundering and terrorist financing. More than ever before Belgium is used as a transit country for money laundering transactions. Belgium cannot combat money laundering and terrorist financing by itself when at the same time other countries or offshore territories do not take effective action to tackle these issues or even leave their financial systems wide open to illegal assets.

This finding should not prevent focusing on the issues at stake, awareness raising of the international, European and national impact and the various measures that need to be taken.

Firstly we should stress the importance and the scope of money laundering and terrorist financing. These days its existence and danger can no longer be denied. Over the last twenty years globalisation has been extensively misused to boost fraudulent and criminal proceeds and reintegrate these into the financial and economic system.

Various complex constructions and methods, aimed at repeatedly moving assets and interests and splitting transactions, together with a lack of unity within strategic international; European and national interests have made this evolution possible. The possibility of profiting from the market evolution and the micro and macroeconomic situation, as well as the adaptability of criminals and fraudsters have led to the money laundering techniques we know today. The files involving gold mentioned above are some fine examples.

We must conclude that the situation is getting worse, despite a series of countermeasures taken concurrently at the same policy levels with regard to principles, FATF recommendations, European Directives or national legislation. The will to raise awareness, use resources and operate effectively and quickly is not (always) as present.

For the same reasons we can state that the consequences of the global financial crisis in 2008 and the ensuing debt crisis in 2010 have increased the flows of money to be laundered and that money was moved without using the banking sector whenever possible.

We nevertheless find that in the Belgian financial sector the credit institutions and currency exchange offices remain the most observant institutions in the fight against money laundering and terrorist financing.

When looking at the non-financial sector we find that these disclosing entities are still not or insufficiently responsive to their legal requirements for the prevention of money laundering. The CFI has to come to this same conclusion year after year. This issue is alarming and leads to questions about consistent non-compliance with the law as well as the effectiveness of the supervision on these sectors.

Looking beyond statistics we must never forget that behind financial transactions related to money laundering or terrorist financing lies the actual criminal reality in which (in)direct violence is often used and basic human rights are violated.

These are serious offences as mentioned in article 5 of the Law of 11 January 1993, including offences that feature in the analysis of CTIF-CFI's activities in 2012: serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension, misappropriation of corporate assets and fraudulent bankruptcy, illicit trafficking in arms, goods and merchandise, fraud, trafficking in illegal labour, trafficking in narcotics, organised crime, trafficking in human beings, terrorism and terrorist financing and corruption.

People often do not see or refuse to see that everyone involved in large-scale frauds or offences are actually allies in concealing the origin of the large profits generated to the detriment of people and/or countries. Criminal assets create links! Financial crime is often wrongly regarded to be white-collar crime, which is thought to be less dangerous and should therefore not be given priority or combated using appropriate measures.

Can such a position be maintained in the current international climate, can legal action only be taken based on the security argument when extensive proceeds of crime use the same channels, intermediaries and constructions as the offences themselves?

CTIF-CFI's annual reports of the last few years have always wanted to clarify this issue (www.ctif-cfi.be). Statistics and typologies show that one of the microeconomic effects of money laundering is the increased criminalization of financial and economic crime. This results in an increasing number of networks penetrating into the core of various sectors (e.g. building industry, industrial cleaning industry, second-hand cars, trade in cars and precious metals) by investing laundered funds. For this investment other techniques and illegal or even criminal methods are also used, tainting all other activities and generating new profits that will in turn be laundered without paying any taxes or social security contributions.

This unfair competition initially damages one specific sector, followed by other related sectors before the impact on society as a whole becomes apparent. The harmful consequences from criminal assets are well-known in some developing countries' political systems, yet some aspects also came to light in certain European countries, such as Greece and Cyprus.

In the last twenty years money launderers have left old national structures behind (cf. CTIF-CFI's first annual reports, the last three annual reports show that the analysed cases are becoming increasingly complex) and now increasingly use flexible international structures (use of specialised managers and advisers, use of complicated strategies with regard to communication, planning of costs, benefits and investments in the pursuit of economic profit).

This is undoubtedly one of the main reasons why it is so difficult to achieve criminal prosecution, leading to a success rate of ± 1 % of the detected amounts, as stated above.

It is vital for Belgium, based on its own risk and threat assessment, as member of various international organisations, to draw up an action plan for a coherent, coordinated and effective approach to money laundering and terrorist financing.

If not we may have to undergo the future in these areas instead of remaining in control, enabling us to preserve the essence of our national and European democratic values.

We should stress that in the very near future continuing the effective implementation of the required procedures in Belgium will undoubtedly be critical in the fourth FATF assessment of the effectiveness of the preventive and law enforcement systems combating money laundering and terrorist financing.

This evaluation will start at the end of this year. Let us seize this opportunity!

Jean-Claude DELEPIÈRE

II. STATISTICS

1. KEY FIGURES

1.1. In the past five years

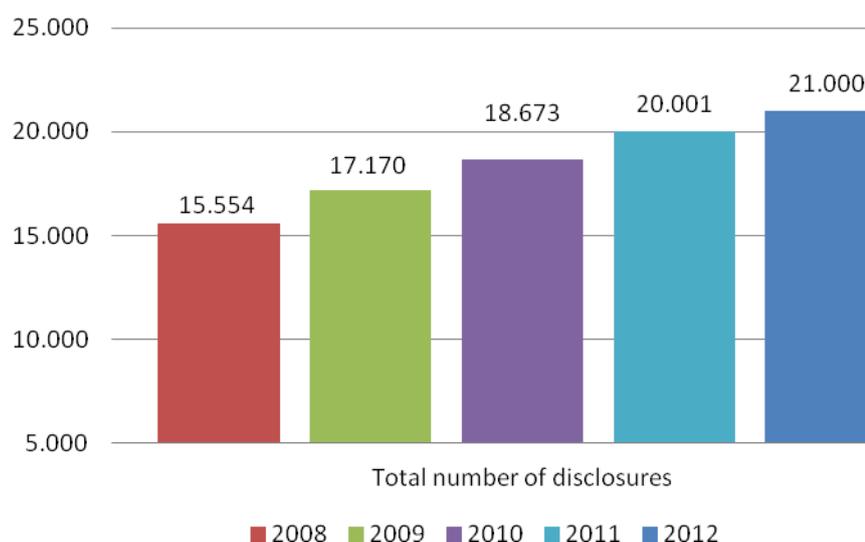
	2008	2009	2010	2011	2012
Number of disclosures received	15.554	17.170	18.673	20.001	21.000
Number of new files	4.875	4.925	4.928	5.183	6.124
Number of files reported to the judicial authorities	937	1.020	1.259	1.345	1.506
Amounts ⁽²⁾ in the files reported to the judicial authorities	711,30	2.141,42 ¹	594,93	671,09	2.254,91
Number of disclosures reported to the judicial authorities	5.054	4.711	5.119	5.634	5.454
Amounts ⁽²⁾ in disclosures reported to the judicial authorities	722,57	2.388,74	1.321,49	978,87	2.540,96
Number of freezing orders ⁽¹⁾	21	38	60	33	36
Total amount of freezing orders ⁽²⁾⁽³⁾	8,99	10,47	135,84	183,59	11,81

⁽¹⁾ Cf. [glossary](#)

⁽²⁾ Amounts in million EUR

⁽³⁾ CTIF-CFI does not forward any copies of disclosures but only information on suspicious transactions mentioned in these disclosures, in addition to its analysis.

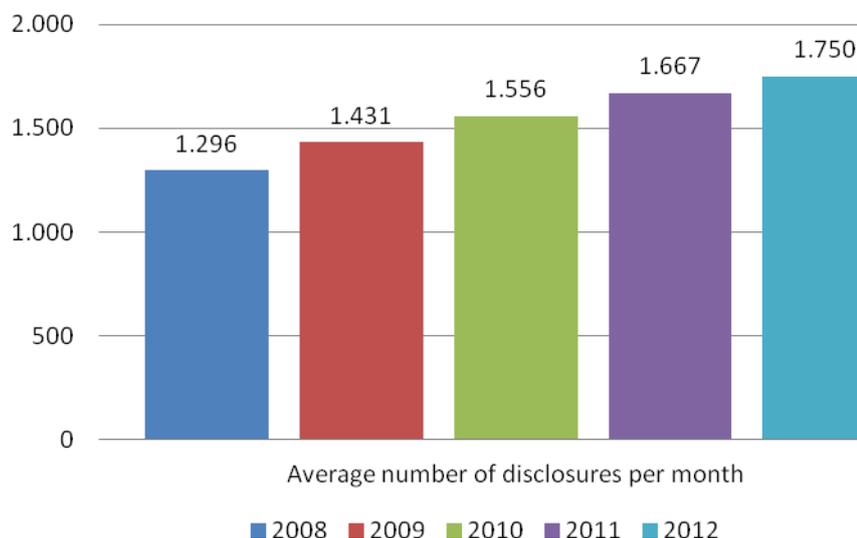
In 2012 CTIF-CFI's activities continued to increase, the number of new disclosures rose by 5% and the number of new files rose by 18%. CTIF-CFI also reported 1.506 new files to the judicial authorities. This is an increase of almost 12% in the number of reported files compared to 2011. There was also a sharp rise in the amounts reported to the judicial authorities in 2012. This is because 8 files were reported related to the sale of large quantities of gold worth in excess of 1 billion EUR, followed by large cash withdrawals. These files are discussed in detail in Chapter III Trends ([2.1.](#) and [2.7.](#))



¹ The amount involved in reported files in the statistics of 2009 is influenced by a large file for a total amount of over EUR 1,7 billion that was reported to the Public Prosecutor's Office because of serious indications of laundering proceeds of organised crime. This file was explained in CTIF-CFI's 2009 annual report in section III "Money laundering and terrorism financing trends".

1.2. Evolution of the average number of disclosures per month

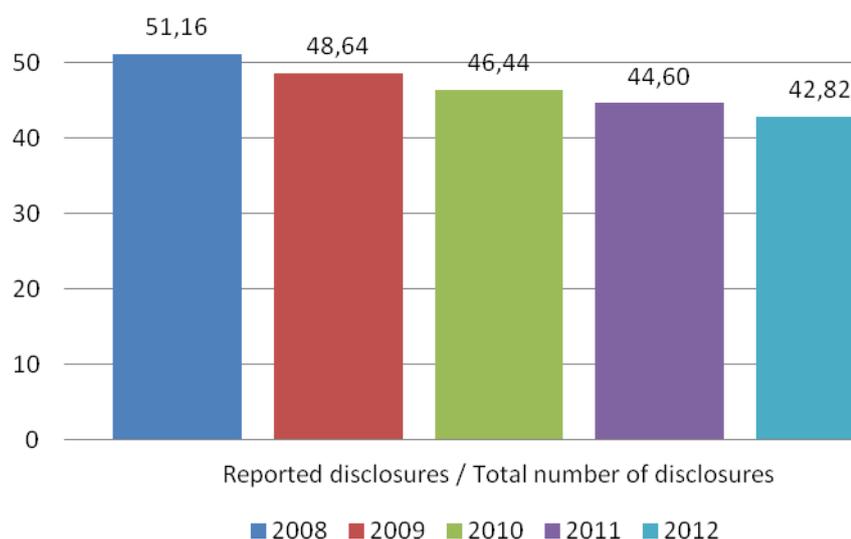
CTIF-CFI received 21.000 disclosures between 1 January 2012 and 31 December 2012. The monthly average increased from 1.667 in 2011 to 1.750 in 2012 (1.556 in 2010), or an increase of 5 % (12,5 % since 2010).



1.3. Number of reported disclosures compared to the number of disclosures received at the end of the past five years

The table below lists the total number of disclosures reported to the judicial authorities compared to the total number of disclosures received between 1 December 1993 and the end of the past five years.

	2008	2009	2010	2011	2012
Cumulative number of disclosures received	142.847	160.022	178.697	198.698	219.698
Cumulative number of disclosures reported to the judicial authorities	73.087	77.837	82.990	88.624	94.078
Reported disclosures / Total number of disclosures	51,16 %	48,64 %	46,44 %	44,60 %	42,82 %



2. DISCLOSURES RECEIVED

2.1. Number of disclosures received from disclosing entities

	2010	2011	2012	% 2012
Currency exchange offices and agents acting as payment institutions (money remittance) ⁽¹⁾	11.491	12.364	11.716	55,79
Credit institutions	3.870	3.831	4.768	22,70
Casinos ⁽²⁾	912	952	916	4,36
Postal service – bpost	471	634	800	3,81
Notaries	163	319	587	2,80
External accountants, external tax advisors, external licensed accountants, external licensed tax specialists-accountants	46	52	99	0,47
Life insurance companies	76	81	84	0,40
National Bank of Belgium	0	52	80	0,38
Company auditors	28	18	23	0,11
Real estate agents	26	28	22	0,10
Stock broking firms	25	23	20	0,10
Mortgage companies	42	37	17	0,08
Insurance intermediaries	18	13	10	0,05
Lawyers	0	1	10	0,05
Payment institutions managing credit cards ⁽³⁾	10	4	7	0,03
Management companies of collective investment undertakings	1	1	5	0,02
Bailiffs	3	5	4	0,02
Intermediaries in banking and investment services	0	1	2	0,01
Dealers in diamonds	1	6	1	-
Companies for consumer credit	5	4	1	-
Lease-financing companies	0	1	1	-
Security firms	0	1	1	-
Clearing institutions ⁽⁴⁾	7	0	1	-
Portfolio management and investment advice companies	1	0	1	-
Branches of management companies of collective investment undertakings in the EEA ⁽⁴⁾	0	0	1	-

	2010	2011	2012	% 2012
Branch offices of investment companies in the EEA	0	0	1	-
Branches of management companies of collective investment undertakings outside the EEA ⁽⁴⁾	0	0	0	-
Collective investment undertakings	0	0	0	-
Public Trustee Office	0	0	0	-
Branch offices of investment companies outside the EEA	0	0	0	-
Market operators	0	0	0	-
Payment institutions ⁽⁴⁾	0	0	0	-

⁽¹⁾ Since the Royal Decree of 2 June 2012 amending the list of institutions subject to the Law of 11 January 1993.

⁽²⁾ The 916 disclosures in 2012 refer to 1.158 transactions for a total amount of EUR 23,37 million. Criterion 3 of the Royal Decree of 6 May 1999 (introducing indicators for casinos) is the most frequent criterion with 1.149 transactions for a total amount of EUR 23,29 million.

⁽³⁾ Since the Law of 21 December 2009 on the statute of payment institutions and institutions for electronic money, access to the business of payment service provider and the activity of issuing electronic money and access to payment systems came into force.

⁽⁴⁾ Since the Law of 18 January 2010 amending the Law of 11 January 1993 came into force.

2.2. Number of requests for information received from FIU counterparts

	2010	2011	2012	% 2012
FIU counterparts ⁽¹⁾⁽²⁾	381	420	464	2,21

⁽¹⁾ In accordance with Article 22 §2 of the Law of 11/01/1993.

⁽²⁾ Cf. [glossary](#)

2.3. Number of notifications received from the Customs and Excise Administration, the Federal Public Prosecutor's Office and the European Anti-Fraud Office of the European Commission (OLAF)

	2010	2011	2012	% 2012
Customs and Excise ⁽¹⁾	1.096	1.153	1.308	6,23
Federal Public Service Finance ⁽²⁾	-	-	13	0,06
Federal Public Service Economy ⁽²⁾	-	-	12	0,06
State Security Department ⁽²⁾	-	-	5	0,02
Other administrative services ⁽²⁾	-	-	1	-
Federal Public Prosecutor's Office ⁽³⁾	0	0	0	-
European Anti-Fraud Office (OLAF) ⁽²⁾	0	0	0	-

⁽¹⁾ In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency.

⁽²⁾ Since the Law of 18 January 2010 amending the Law of 11 January 1993 came into force.

⁽³⁾ In accordance with Article 33§ 4 of the Law of 11 January 1993.

2.4. Number of notifications received from the supervisory, regulatory or disciplinary authorities

	2010	2011	2012	% 2012
Supervisory authorities ^{(1) (2)}	0	0	19	0,09

⁽¹⁾ In accordance with Article 31 of the Law of 11/01/1993.

⁽²⁾ Cf. [glossary](#)

GRAND TOTAL (2.1 – 2.4)	18.673	20.001	21.000	100
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2.5. Number of institutions and persons having submitted disclosures/ total number of disclosing entities

<i>Financial professions</i> ⁽¹⁾	2010	2011	2012	discl. pers. / inst.
Credit institutions	58	66	65	110
Currency exchange offices	14	14	17	17
Life insurance companies	10	9	13	51
Stock broking firms	7	6	6	22
Mortgage companies	3	2	4	127
Insurance intermediaries	3	2	3	17.160
Payment institutions issuing or managing credit cards	1	1	2	2
Companies for consumer credit	2	2	1	85
Management companies of collective investment undertakings	1	1	1	11
Intermediaries in banking and investment services	1	1	1	1
Postal Service – bpost	1	1	1	1
National Bank of Belgium	0	1	1	1
Lease-financing companies	0	1	1	116
Portfolio management and investment advice companies	1	0	1	22
Clearing institutions ⁽²⁾	1	0	1	1
Branch offices of investment companies in the EEA	0	0	1	23
Branch offices of management companies of collective investment undertakings in the EEA ⁽²⁾	0	0	1	8
Public Trustee Office	0	0	0	1
Branch offices of investment companies outside the EEA	0	0	0	0
Market operators	0	0	0	1
Management companies of collective investment undertakings outside the EEA ⁽²⁾	0	0	0	3
Collective investment undertakings	0	0	0	0
Total	103	107	120	

⁽¹⁾ Cf. [glossary](#)

⁽²⁾ Since the Law of 18/01/2010 amending the Law of 11/01/1993 came into force.

<i>Non-financial professions⁽¹⁾</i>	2010	2011	2012	discl. pers. / inst.
Notaries	91	158	224	1.423
Accounting and tax professions	27	39	39	9.322
Company auditors	13	9	11	1.561
Real estate agents	8	13	9	8.855
Casinos	9	9	9	9
Lawyers	0	1	7	16.344
Bailiffs	2	3	3	550
Dealers in diamonds	1	3	1	1.800
Security companies	0	1	1	7
Total	151	236	304	

⁽¹⁾ Cf. [glossary](#)

2.6. Geographical breakdown of disclosures

The table below⁽¹⁾ reflects the evolution over the last three years of the number of disclosures by judicial district according to the location where the main transaction took place.

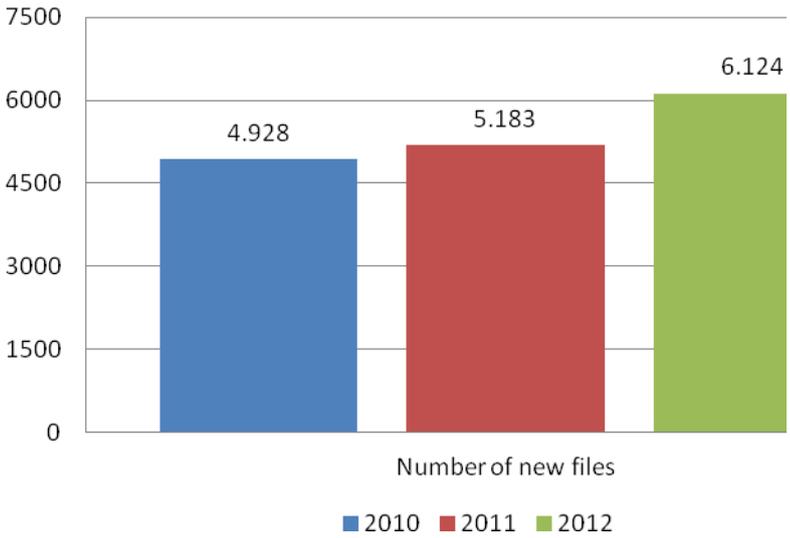
Judicial district	2010	2011	2012	% 2012
Brussels	9.387	10.248	10.382	51,08
Antwerpen	3.029	3.253	3.339	16,43
Liège	855	963	931	4,58
Gent	802	953	905	4,45
Brugge	707	686	826	4,06
Charleroi	534	553	606	2,98
Hasselt	302	341	410	2,02
Mons	409	298	336	1,65
Tongeren	417	307	315	1,55
Kortrijk	304	306	314	1,54
Verviers	195	210	284	1,40
Dendermonde	152	175	277	1,36
Namur	280	241	256	1,26
Nivelles	107	136	235	1,16
Leuven	242	200	204	1,00
Turnhout	124	136	161	0,79
Mechelen	149	148	141	0,69
Tournai	109	147	125	0,62
Dinant	61	62	48	0,24
Oudenaarde	51	44	46	0,23
Arlon	25	27	38	0,19
Veurne	26	35	33	0,16
Huy	25	18	30	0,15
Ieper	18	24	28	0,14
Eupen	36	30	27	0,13
Neufchâteau	16	9	16	0,08
Marche-en-Famenne	15	13	12	0,06
Total	18.377	19.563	20.325	100

⁽¹⁾ This table does not include requests from FIU counterparts.

3. FILES

3.1. Evolution of the number of new files by period

After a first analysis of the disclosures 6.124 new files were opened in 2012. This figure is 18% higher than the number of new files in 2011.



3.2. Evolution of the number of files reported to the judicial authorities

In 2012 1.506 were reported to the judicial authorities after CTIF-CFI's analysis showed serious indications of money laundering or terrorist financing as defined by the Law of 11 January 1993. The reported files refer to disclosures received in 2012 as well as in previous years.



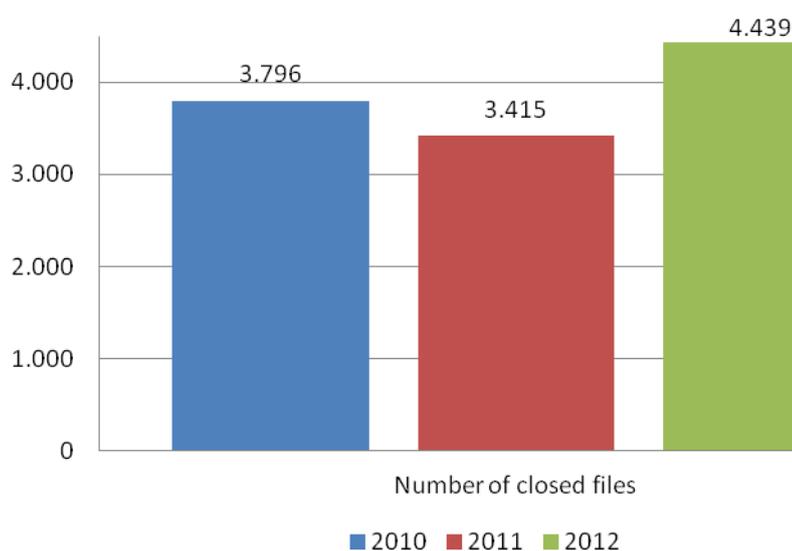
3.3. Evolution of the number of closed files

Between 1 January 2021 and 31 December 2012 CTIF-CFI closed 4,439 files due to the lack of serious indications of money laundering or terrorist financing as defined by the Law of 11 January 1993.

	Number of closed files ⁽¹⁾
2010	3.796
2011	3.415
2012	4.439

⁽¹⁾ Cf. [glossary](#)

Since its creation in 1993 CTIF-CFI has closed 36.851 files on a total of 55.204 opened files. These closed files represent 105.446 disclosures, i.e. 47,99 % of all disclosures (219.726).



Feedback was provided to the institutions involved, emphasizing that closures are by nature provisional (CTIF-CFI can reopen files) and do not dispense them from disclosing additional suspicious transactions² if these should occur.

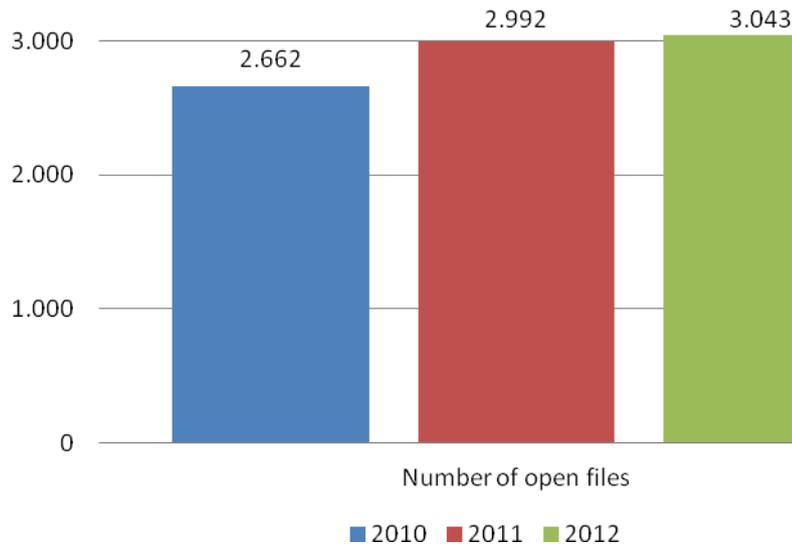
3.4. Evolution of the number of open files

On 31 December 2012 3,043 files, which were opened in 2012 and in previous years, were still being processed.

	Number of open files ⁽¹⁾
on 31/12/2010	2.662
on 31/12/2011	2.992
on 31/12/2012	3.043

⁽¹⁾ Cf. [glossary](#)

² Cf. [glossary](#)



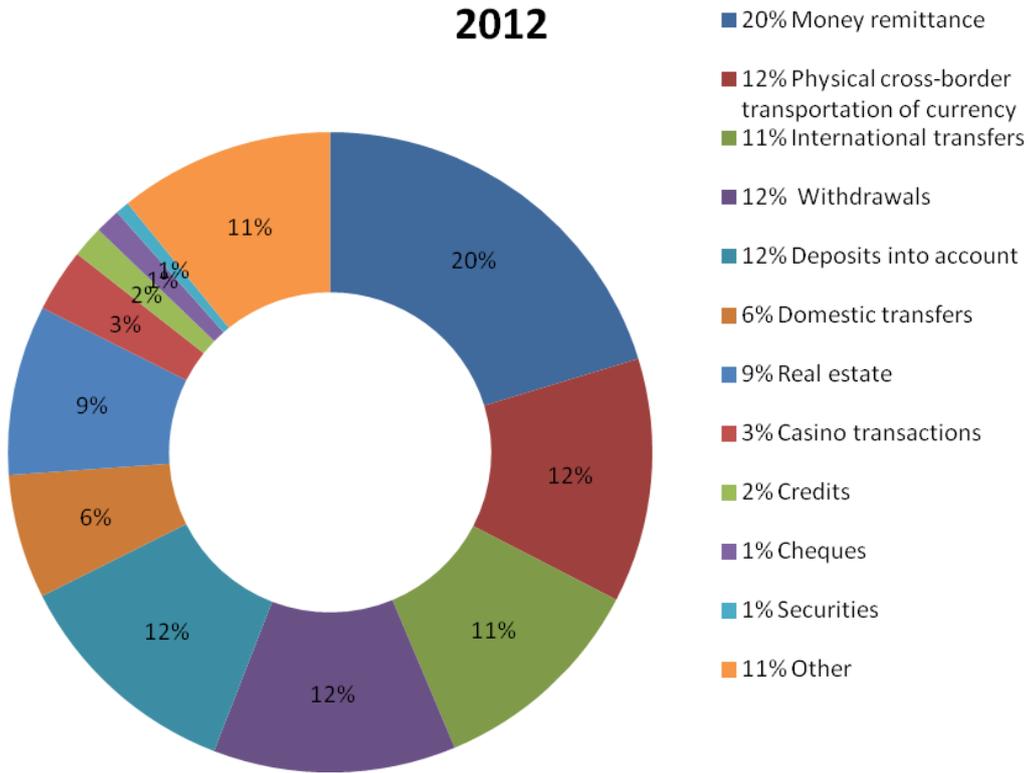
3.5. Breakdown of files by type of main transaction

Transactions ⁽¹⁾	2010	2011	2012	% 2012
Money remittance	1.002	1.051	1.170	20,27
Physical cross-border transportation of currency ⁽²⁾	683	650	712	12,34
International transfers	469	600	639	11,07
Withdrawals	499	527	703	12,18
Deposits into account	485	418	677	11,73
Domestic transfers	304	255	362	6,27
Real estate	127	245	495	8,58
Casino transactions	196	239	184	3,19
Credits	93	82	92	1,59
Cheques	60	54	73	1,26
Securities	55	40	40	0,69
Other	684	728	624	10,82
Total	4.657	4.889	5.771	100

⁽¹⁾ This table does not include requests from FIU counterparts.

⁽²⁾ In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency.

2012



4. FILES REPORTED TO THE JUDICIAL AUTHORITIES

CTIF-CFI groups disclosures of suspicious transactions that relate to one case into one file. In case of serious indications of money laundering or terrorist financing this file is reported to the competent Public Prosecutor or the Federal Public Prosecutor.

In 2012 CTIF-CFI reported 1.506 new files to the judicial authorities for a total amount of EUR 2.254,91 million.

If after reporting a file CTIF-CFI receives new disclosures (additional disclosures³) on transactions that relate to the same case and there are still indications of money laundering or terrorist financing CTIF-CFI will report these new suspicious transactions in an additional file.

In 2012 CTIF-CFI reported a total of 5.454 disclosures (new files and additional reported files) to the judicial authorities for a total amount of EUR 2.540,96 million.

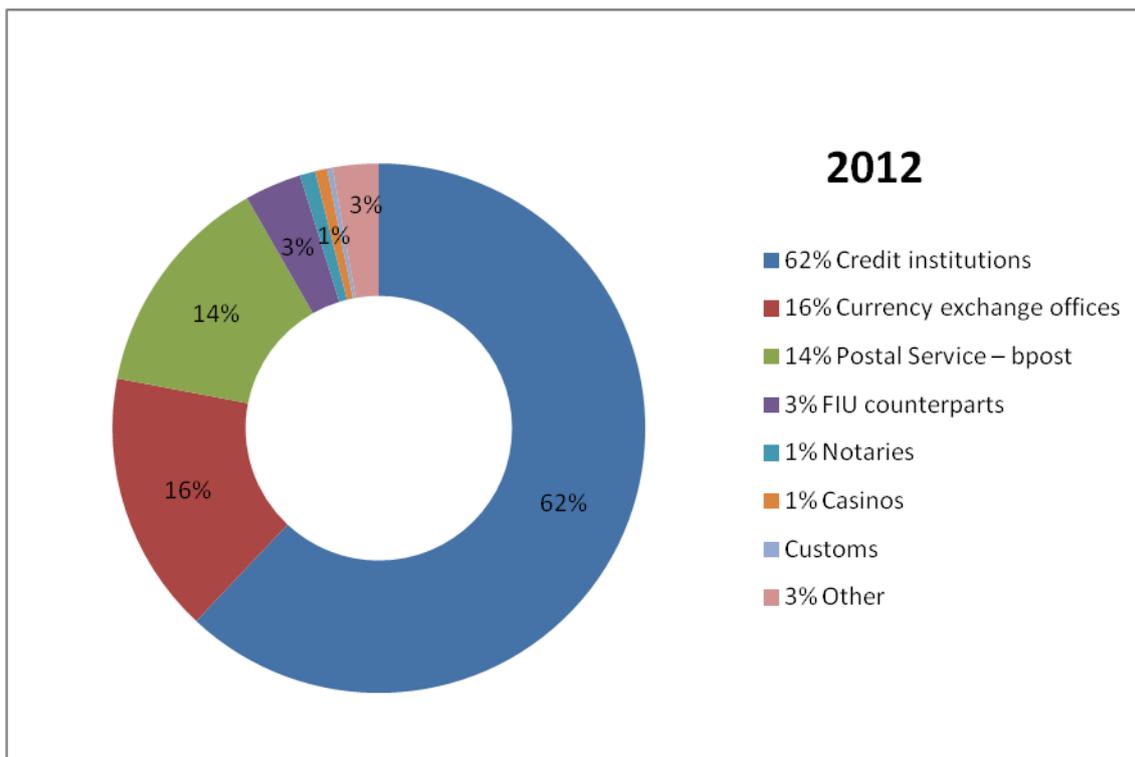
These reported files and disclosures are presented below by type of disclosing entity, type of transaction and predicate offence.

4.1. Number of new files reported to the judicial authorities by type of disclosing entity

Evolution of the number of files reported to the judicial authorities by category of disclosing entity in the past 3 years

	2010	2011	2012	% 2012
Credit institutions	761	835	934	62,02
Currency exchange offices and agents of payment institutions	341	210	241	16,00
Postal Service – bpost	64	199	207	13,75
FIU counterparts	22	41	52	3,45
Notaries	19	8	14	0,93
Casinos	23	15	11	0,73
Customs	12	9	5	-
Other	17	28	42	2,79
Total	1.259	1.345	1.506	100

³ Cf. [glossary](#)



4.2. Amounts involved in the files reported to the judicial authorities

Evolution of the amounts⁽¹⁾ in the files reported to the judicial authorities in the past 3 years

	2010	2011	2012	% 2012
Credit institutions	513,23	548,27	1.910,00	84,70
FIU counterparts	7,96	40,09	219,17	9,72
Currency exchange offices and agents of payment institutions	18,01	37,61	42,93	1,90
Postal Service – bpost	11,70	16,94	17,55	0,78
Accounting and tax professions	0,16	8,74	5,38	0,24
Notaries	11,52	4,09	19,62	0,87
Company auditors	15,13	2,77	30,56	1,36
Customs	5,54	1,62	1,68	0,07
Casinos	3,44	1,42	3,80	0,17
Other	8,24	9,54	4,22	0,19
Total	594,93	671,09	2.254,91	100

⁽¹⁾ Amounts in million EUR

Breakdown of the disclosures reported to the judicial authorities in 2010, 2011 and 2012

	2010		2011		2012	
	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾
Credit institutions	1.668	1.213,74	1.805	763,77	1.993	2.133,59
Currency exchange offices	2.859	25,64	3.070	56,02	2.745	48,80
FIU counterparts	86	11,47	93	54,50	109	258,06
Life insurance companies	10	0,56	16	25,91	23	2,92
Postal Service – bpost	246	13,51	369	21,45	340	22,93
Accounting and tax professions	13	0,49	22	9,90	25	6,86
Notaries	56	18,73	28	7,47	52	22,83
Company auditors	6	15,13	7	2,77	5	32,90
Casinos	106	4,93	154	2,27	57	5,29
Customs	44	7,00	35	1,77	44	2,34
Other	25	10,29	35	31,81	61	4,44
Total	5.119	1.321,49	5.634	978,87	5.454	2.540,96

⁽¹⁾ Amounts in million EUR

The amounts above are the sum of actual money laundering transactions and potentially fictitious commercial transactions. With these transactions (including files reported for VAT carousel fraud) it is very difficult to determine which part is laundered and which part consists of potentially fictitious commercial transactions.

As mentioned in the key figures (cf. [1.1.](#)) the sharp increase of the amounts disclosed by credit institutions is the result of CTIF-CFI's reporting 8 files related to the sale of large quantities of gold worth in excess of EUR 1 billion, followed by large cash withdrawals.

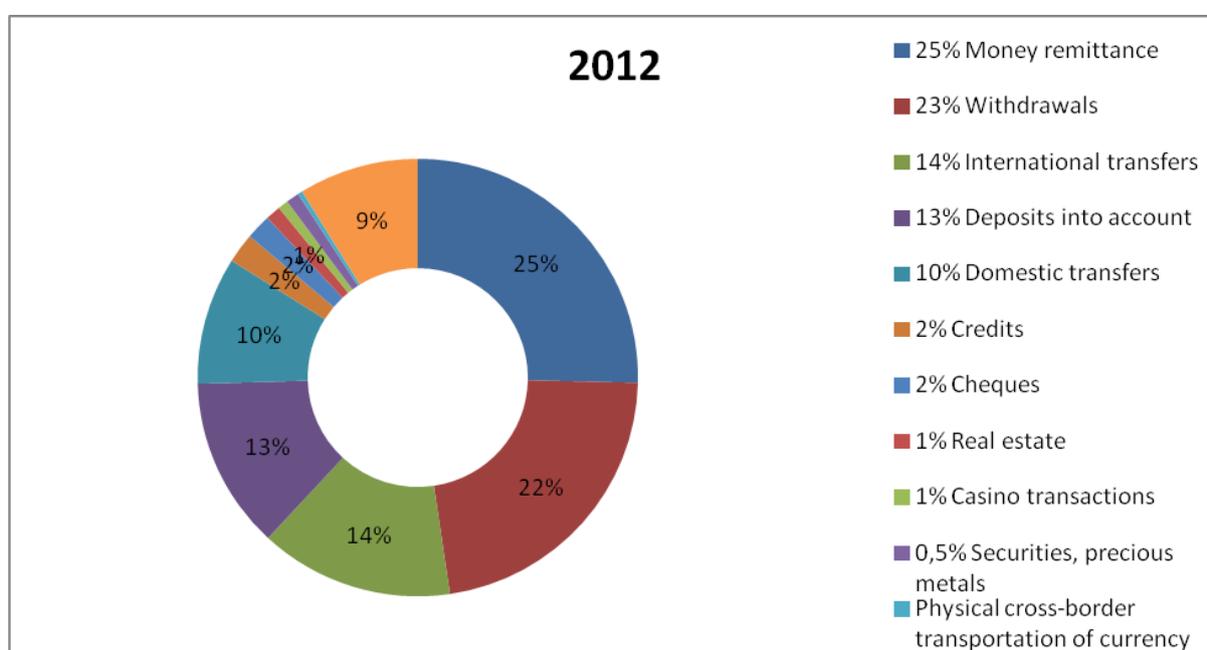
4.3. Breakdown of files reported to the judicial authorities by type of transaction

Main transactions in files reported to the judicial authorities – Evolution in the past 3 years⁽¹⁾

Type of transactions	2010	2011	2012	% 2012
Money remittance	312	256	369	25,38
Withdrawals	270	270	324	22,30
International transfers	146	175	207	14,23
Deposits into account	90	148	184	12,65
Domestic transfers	120	125	137	9,42
Credits	30	21	32	2,20
Cheques	32	39	27	1,86
Real estate	17	7	16	1,10
Casino transactions	23	15	11	0,76
Securities, precious metals	8	8	14	0,96
Physical cross-border transportation of currency ⁽²⁾	23	8	5	0,34
Other	168	232	128	8,80
Total	1.239	1.304	1.454	100

⁽¹⁾ This table does not include requests from FIU counterparts.

⁽²⁾ In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency.



Transactions in which cash is used (money remittance, withdrawals, deposits into account, casino transactions) are increasingly common. In 2011 cash was used in 53% of the files reported to the judicial authorities, in 2012 this figure rose to 62% of the reported files.

Breakdown of files reported to the Public Prosecutor's Office in 2010, 2011 and 2012 by type of transaction⁽¹⁾

The table below indicates that the amount reported to the judicial authorities in 2012 is greatly influenced by 8 files reported to the Public Prosecutor's Office related to the sale of gold (followed by cash withdrawals).

Type of transactions	2010		2011		2012	
	Number	Amount ⁽²⁾	Number	Amount ⁽²⁾	Number	Amount ⁽²⁾
Withdrawals / sale of precious metals	-	-	-	-	8	984,66
International transfers	295	526,63	388	284,13	451	485,33
Withdrawals	502	156,36	511	129,79	601	134,29
Domestic transfers	261	86,74	262	190,59	299	117,38
Deposits into account	200	52,61	251	56,83	315	108,83
Money remittance	2.807	28,75	2.879	54,51	2.744	37,05
Real estate	48	18,14	28	14,63	53	23,07
Cheques	57	13,44	70	12,14	51	19,49
Credits	59	13,29	56	9,70	98	18,12
Casino transactions	104	4,88	154	2,27	57	5,29
Physical cross-border transportation of currency ⁽³⁾	44	7,01	34	1,74	44	2,34
Securities	21	7,71	15	3,90	22	1,37
Other	635	394,46	893	164,14	608	345,68
Total	5.033	1.310,02	5.541	924,37	5.345	2.282,9

⁽¹⁾ This table does not include requests from FIU counterparts.

⁽²⁾ Amounts in million EUR

⁽³⁾ In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency.

4.4. Breakdown of files reported to the judicial authorities by money laundering stage

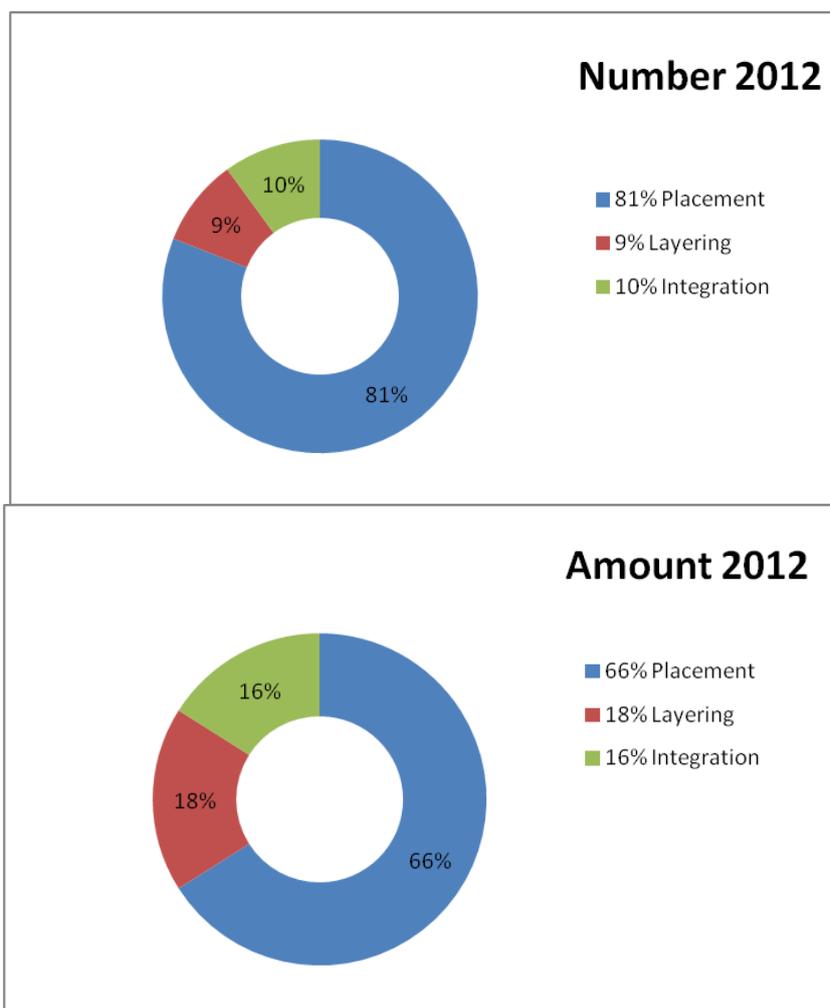
The share of each money laundering stage of the money laundering process has changed greatly since 1993. Money launderers adapt their methods as the anti-money laundering and terrorist financing system is expanded and becomes more effective. They carry out few transactions in countries that efficiently combat money laundering and use these countries to carry out layering and integration transactions.

	Number of reported files		Reported amounts ⁽¹⁾	
	2012	% 2012	2012	% 2012
Placement ⁽²⁾	128	8,50	407,35	18,07
Layering ^{(2) (3)}	1.215	80,68	1.497,60	66,42
Integration ⁽²⁾	158	10,49	348,85	15,47
Money laundering attempt	5	0,33	1,11	0,05
Total	1.506	100	2.254,91	100

(1) Amounts in million EUR

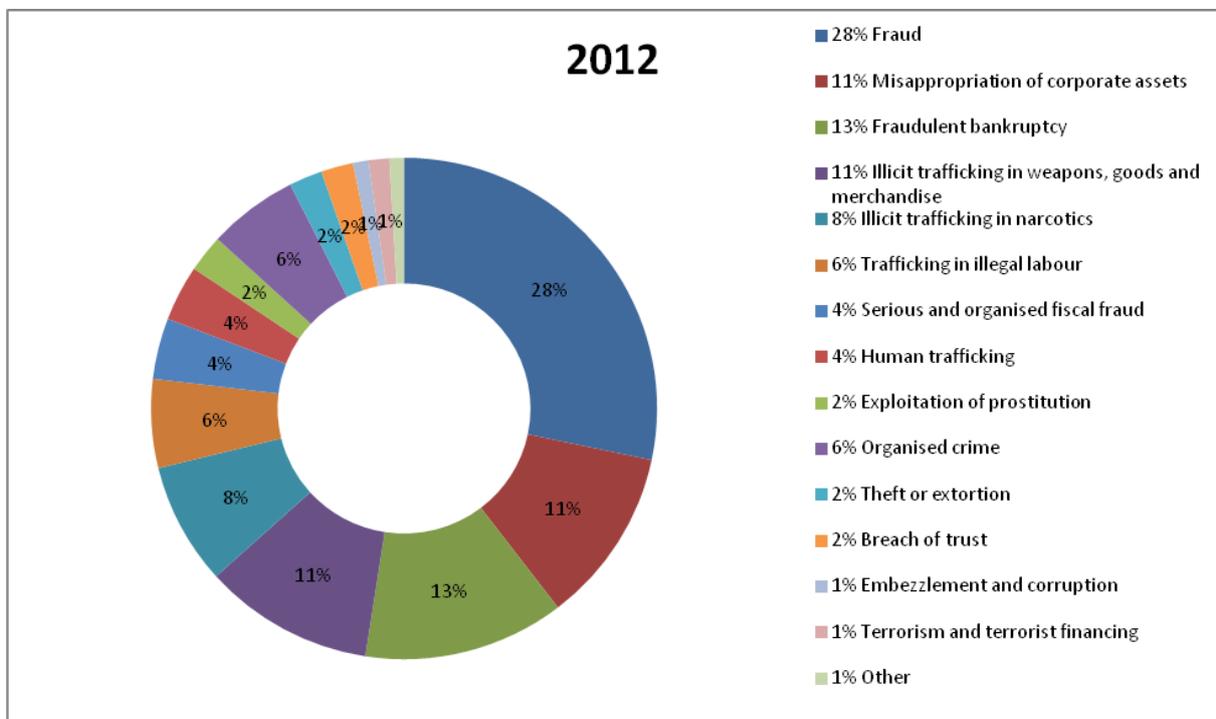
(2) Cf. [glossary](#)

(3) Including cash withdrawals following the sale of precious metals (gold) for EUR 1 billion, which are considered to be layering transactions.



4.5. Breakdown of files reported to the judicial authorities by main type of predicate offence - Evolution in the past 3 years

Predicate offence	2010	2011	2012	% 2012
Fraud	306	343	426	28,29
Misappropriation of corporate assets	86	155	170	11,29
Fraudulent bankruptcy	115	137	194	12,88
Illicit trafficking in arms, goods and merchandise	92	136	164	10,89
Illicit trafficking in narcotics	138	114	118	7,84
Trafficking in illegal labour	187	92	86	5,71
Serious and organised fiscal fraud	123	71	59	3,92
Human trafficking	53	70	54	3,59
Exploitation of prostitution	23	49	36	2,39
Organised crime	46	43	87	5,78
Theft or extortion	20	36	32	2,12
Breach of trust	16	29	31	2,06
Embezzlement and corruption	12	23	15	1,00
Terrorism, terrorist financing, including proliferation financing	19	22	20	1,32
Other	23	25	14	0,92
Total	1.259	1.345	1.506	100



4.6. Breakdown of amounts in files reported to the judicial authorities by main type of predicate offence

Evolution in the past 3 years⁽¹⁾

Predicate offence	2010	2011	2012	% 2012
Organised crime	23,54	23,28	1.048,60	46,50
Fraud	33,61	52,80	429,35	19,04
Illicit trafficking in arms, goods and merchandise	142,00	112,78	264,38	11,72
Serious and organised fiscal fraud	192,67	97,73	190,25	8,44
Corruption	5,96	23,35	84,32	3,74
Fraudulent bankruptcy	77,11	65,20	76,69	3,40
Misappropriation of corporate assets	34,13	145,28	55,99	2,48
Trafficking in illegal labour	33,67	43,57	45,31	2,01
Human trafficking	6,50	12,12	16,43	0,73
Illicit trafficking in narcotics	10,99	24,36	12,51	0,55
Breach of trust	4,39	7,47	7,95	0,35
Provision of investment, foreign exchange or fund transfer services without authorization	4,42	14,97	6,75	0,30
Exploitation of prostitution	1,88	6,73	5,10	0,23
Terrorism, terrorist financing, including proliferation financing	6,29	1,97	1,90	0,08
Illicit public appeal for savings	12,29	0,96	0,46	0,02
Other	5,48	36,52	8,95	0,40
Total	594,93	671,09	2.254,94	100

⁽¹⁾ Amounts in million EUR

CTIF-CFI identified the following predicate offences in files reported to the judicial authorities in 2012 related to the sale of gold followed by cash withdrawals: organised crime (cf. Chapter III Trends [2.7](#)), serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension (cf. Chapter III Trends [2.1](#)). This explains the large variations in these two offences.

In a file related to fraud a transfer of EUR 375 million was announced, in the end this transaction was not carried out. This impacts the total laundered amount for this offence (cf. Chapter III. Trends [2.4](#)).

Breakdown by predicate offence of files reported to judicial authorities in 2010, 2011 and 2012

Predicate offence	2010		2011		2012	
	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾
Organised crime	376	373,34	298	28,15	358	1.072,23
Fraud	1.032	49,39	1.232	90,82	1.209	437,99
Illicit trafficking in arms, goods and merchandise	461	150,90	865	131,21	734	327,61
Serious and organised fiscal fraud	322	459,70	326	249,25	228	276,89
Fraudulent bankruptcy	376	108,36	472	84,59	424	112,19
Corruption			71	34,45	88	91,69
Misappropriation of corporate assets	222	46,26	308	179,15	315	72,35
Trafficking in illegal labour	774	57,56	744	60,46	468	69,65
Illicit trafficking in narcotics	534	16,26	472	28,19	526	19,34
Human trafficking	400	8,11	204	14,59	364	18,88
Breach of trust	37	6,79	45	7,49	83	13,32
Exploitation of prostitution	243	2,30	251	7,22	354	7,45
Terrorism, terrorist financing, including proliferation financing	92	8,93	123	5,77	130	4,18
Theft or extortion	133	0,75	97	1,73	132	2,77
Other	116	32,84	197	90,25	41	14,42
Total	5.119	1.321,49	5.634	978,87	5.454	2.540,96

⁽¹⁾ Amounts in million EUR

4.7. Breakdown of files reported to the judicial authorities by nationality of the main person involved

The table below provides the breakdown by nationality of the main person involved in the files reported to the judicial authorities in 2010, 2011 and 2012.

Nationality	2010	2011	2012	% 2012
Belgian	557	704	881	58,50
Dutch	97	63	70	4,65
French	44	70	69	4,58
Portuguese	58	25	33	2,19
Congolese (DRC)	11	22	29	1,93
Moroccan	30	39	27	1,79
Serbian	-	3	27	1,79
Italian	16	29	26	1,73
Turkish	29	31	25	1,66
Ivorian	20	4	22	1,46
Brazilian	110	28	21	1,39
Russian	21	18	19	1,26
Nigerian	31	25	17	1,13
British	17	15	16	1,06
Romanian	14	21	15	1,00
Cameroonian	15	20	15	1,00
Bulgarian	17	21	14	0,93
German	10	12	11	0,73
Spanish	9	7	8	0,53
Pakistani	-	9	7	0,47
Albanian	7	8	7	0,47
Polish	3	7	7	0,47
Indian	5	7	7	0,47
Iranian	-	6	6	0,40
Greek	7	3	6	0,40
Congolese	2	5	6	0,40
Chinese	7	7	5	0,33
Algerian	-	3	5	0,33
Lithuanian	2	1	5	0,33
Tunisian	1	7	5	0,33
Rwandan	-	2	4	0,27
Angolan	-	8	3	0,20
Israeli	8	2	3	0,20
Other	111	113	85	5,62
Total	1.259	1.345	1.506	100

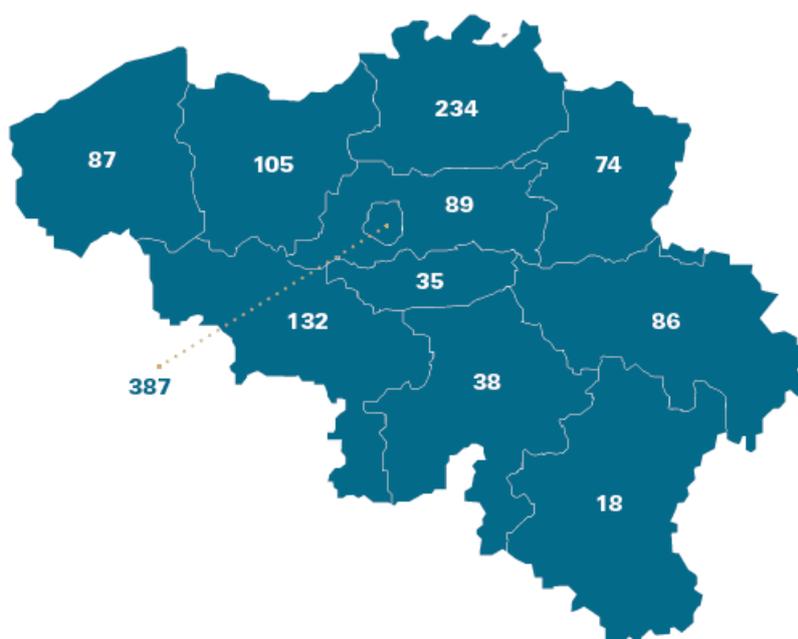
4.8. Breakdown of files reported to the judicial authorities by place of residence of the main person involved

The tables below provide the breakdown by place of residence of the main person involved in the 1.506 files reported to the judicial authorities in 2012.

4.8.1. Residence in Belgium

The table below provides the breakdown by place of residence in Belgium of the main person involved for the 1.285 files reported to the judicial authorities.

	Number of files	%
Brussels	387	30,12
Antwerpen	234	18,21
Hainaut	132	10,27
Oost-Vlaanderen	105	8,17
Vlaams-Brabant	89	6,94
West-Vlaanderen	87	6,77
Liège	86	6,69
Limburg	74	5,76
Namur	38	2,96
Brabant Wallon	35	2,71
Luxembourg	18	1,40
Total	1.285	100



4.8.2. Residence abroad

The table below presents the breakdown for the 221 files reported to the judicial authorities in which the main individual involved resided abroad.

Country of residence	from 01/01/2012 to 31/12/2012	%
France	50	22,62
Netherlands	31	14,03
Romania	10	4,52
United Kingdom	9	4,07
Germany	9	4,07
Luxembourg	8	3,62
Nigeria	5	2,26
Switzerland	5	2,26
Tunisia	4	1,81
Russia	4	1,81
Poland	4	1,81
Italy	4	1,81
Spain	3	1,36
Monaco	3	1,36
Portugal	3	1,36
United States	3	1,36
Other	66	29,87
Total	221	100

The individuals are mostly Belgian (58,50 %), French and Dutch nationals. Many individuals also originate from Eastern Europe or Africa or are nationals from these areas. There are very few or no citizens of the American or Asian continent. Brazilian and Portuguese nationals also feature in several files reported to the Public Prosecutor's Office, although fewer than last year.

4.9. Breakdown by Public Prosecutor's Office of files reported to the Public Prosecutor between 01/12/2008 and 31/12/2012 and follow-up action by the judicial authorities⁴

Public Prosecutor's Office	Total	%	Conv. ⁽¹⁾	Set.	Ref.	Inv.	Dis.	FJA	Clos.	Enq. ⁽²⁾
Brussels	2.233	36,81%	58	1	16	87	5	10	1344	590
Antwerpen	899	14,82%	35		17	37	6		663	134
Gent	277	4,57%	22	1	15	6	1		158	74
Liège	266	4,38%	13		13	26	1	3	116	90
Charleroi	255	4,20%	4		5	15		2	79	134
Fed. Pub. Pros.	209	3,44%	6		5	12	2	2	81	98
Dendermonde	203	3,35%	8		10	22			97	63
Hasselt	175	2,88%	10	1	5	3	1		132	23
Turnhout	163	2,69%	5		3	8			84	57
Brugge	162	2,67%	12		10	12	1	2	88	35
Tongeren	152	2,51%	14		7	13			81	35
Mons	138	2,27%	2	1	1	8			54	73
Kortrijk	125	2,06%	8		3	2	2	5	66	39
Leuven	124	2,04%	3		5	6			58	47
Namur	105	1,73%	3		6	8			31	54
Tournai	100	1,65%	5	1	5	8	1	5	32	37
Nivelles	88	1,45%	1		2	8			22	40
Mechelen	76	1,25%	3		3	4	2		17	47
Oudenaarde	55	0,91%				1			23	31
Verviers	48	0,79%	5		1	1		1	27	13
Arlon	39	0,64%				1		4	6	25
Eupen	35	0,58%	1			1		5	15	11
Veurne	28	0,46%	2		1	5		1	10	9
Ieper	28	0,46%	9		1		2		11	4
Dinant	27	0,45%	2		1	4		1	9	10
Huy	26	0,43%	2		3	2			14	5
Marche-en-Famenne	17	0,28%	3		1	5			2	6
Neufchâteau	14	0,23%	4		1	2			5	1
Total	6.067	100	239	5	140	307	24	41	3.325	1.785

(1) Some of these judgments are not final.

(2) In 201 cases CTIF-CFI has not yet been informed of the judicial follow-up.

In 2012 a settlement was reached between the defendant and the Public Prosecutor's Office in five cases.

Key:

Conv. : conviction
Set: settlement
Ref. : referred to the Criminal court
Inv. : judicial investigation in progress
Dis. : court dismissal
FJA : case handed over by the Belgian judicial authorities to foreign judicial authorities
Clos. : case closed by the Public Prosecutor's Office
Enq. : police enquiry in progress

⁴ This table was drawn up based on the information and the copies of judgments held by CTIF-CFI on 31/03/2013.

CTIF-CFI analysed judgments up to 31 December 2011 of which it received a copy and in which a judgment was pronounced between 2007 and 2011.

Typology of judgments

Based on CTIF-CFI's statistics on the judicial follow-up four types of judgments can be distinguished:

First category: judgment for money laundering only

In some 20% of the cases a judgment was passed for money laundering only and the judge did not identify a link to a specific predicate offence and only took the illegal origin of the funds into consideration. This shows that money laundering is an autonomous offence. The offence of article 505 of the Penal Code does not depend on the specific proof of the predicate offence.

Second category: judgments for money laundering where the judge identified one or more predicate offences

Some 60% are judgments for money laundering in which the judge identified one or several predicate offences.

These predicate offences were mainly: serious and organised fiscal fraud, trafficking in narcotics and fraud. In over 40 % of the judgments from this second category one of these offences was taken into consideration.

A judgment can contain sentence for several offences. The most common offences are:

- fraud / breach of trust / fraudulent bankruptcy;
- serious and organised fiscal fraud / fraud / breach of trust;
- illicit trafficking in narcotics / organised crime;
- human trafficking / exploitation of prostitution / trafficking in illegal labour / organised crime;

Third category: judgements for terrorist financing

In three files a sentence for terrorist financing was passed.

Fourth category: judgments for one or more predicate offences without money laundering

Some 20% of the cases are judgments for one or more offences where the judge did not take money laundering into account.

In case several offences are involved they are grouped as in the first category of offences. The most common offences are trafficking in narcotics, fraud, serious and organised fiscal fraud. More than 65% of the judgments in the fourth category feature one of these offences.

Breakdown by judicial district

42% of the judgments were passed in Brussels and 15% of the judgments were passed in Antwerp.

The three most common sentences in Brussels are:

- money laundering related to trafficking in narcotics
- money laundering related to serious and organised fiscal fraud
- offences without money laundering (fourth category)

The three most common sentences in Antwerp are:

- money laundering
- money laundering related to illicit trafficking in goods and merchandise
- money laundering related to fraud

Proportionally Antwerp passes sentences only for money laundering (first category) more often than Brussels.

4.10. Freezing orders CTIF-CFI – judicial seizures

The table below shows the total amounts frozen by CTIF-CFI in 2012 according to the Public Prosecutor's Office to which the file was reported.

It also provides the breakdown by Public Prosecutor's Office of amounts seized by the judicial authorities in 2012 in files considered to be urgent because CTIF-CFI decided to freeze the transaction or because large amounts could still be seized.

It should be noted that the Public Prosecutor's Office can decide not to extend CTIF-CFI's freezing order or conversely decide to seize money in an emergency file in which CTIF-CFI did not issue a freezing order as the circumstances did not require this.

Public Prosecutor's Office	Freezing orders CTIF-CFI Total amount 2012 ⁽¹⁾	Judicial seizures Total amount 2012 ⁽¹⁾	Judicial seizures / Freezing orders CTIF-CFI (%)
Kortrijk	-	6.396.773,94	-
Brussels	7.096.471,48	3.887.270,13	54,78
Antwerpen	948.550,00	552.749,73	58,27
Turnhout	-	367.331,05	-
Nivelles	350.000,00	350.000,00	100
Tongeren	234.030,55	229.924,04	98,24
Mechelen	30.000,00	200.000,00	-
Charleroi	188.508,45	181.257,49	96,15
Dendermonde	377.505,71	159.850,00	42,34
Gent	-	98.240,36	-
Liège	-	32.060,23	-
Hasselt	405.122,98	-	-
Federal Public Prosecutor's Office	56.574,25	-	-
Oudenaarde	39.142,88	-	-
Total	9.725.906,3	12.455.456,97	

⁽¹⁾ Amounts in EUR

In 2012 CTIF-CFI froze a transaction on two occasions without subsequently reporting these cases to the judicial authorities, involving a total amount of EUR 2.088.135,07.

4.11. Judicial follow-up – fines and confiscations

The table below⁵ shows the amount of fines and confiscations imposed by courts and tribunals, broken down by Public Prosecutor's Office in files reported to the judicial authorities in the past five years (2008 to 2012) and of which CTIF-CFI received feedback. When examining these figures it should be noted that for a large number of files securing evidence may take longer than five years. This is the case for files related to economic and financial crime, representing over 50% of the reported files. Moreover, for some decisions an appeal was lodged.

	Fines 2008 to 2012⁽¹⁾	Confiscations 2008 to 2012⁽¹⁾	Total⁽¹⁾
Antwerpen	422.332,00	1.908.519,00	2.330.851,00
Bergen	89.238,00	28.928.846,00	29.018.084,00
Brugge	967.430,00	19.959.902,00	20.927.332,00
Brussels	2.012.733,00	33.068.666,00	35.081.399,00
Charleroi	203.392,00	1.364.438,00	1.564.740,00
Dendermonde	15.063,00	92.133,00	107.196,00
Dinant	146.800,00	411.490,00	558.290,00
Eupen	7.700,00	130.320,00	138.020,00
Gent	1.671.047,00	2.984.619,00	4.655.666,00
Hasselt	1.259.475,00	1.335.977,00	2.595.452,00
Huy	11.000,00	95.020,00	106.020,00
Ieper	19.800,00	11.105,00	30.905,00
Kortrijk		22.060,00	22.060,00
Leuven	7.500,00		7.500,00
Liège	53.937,00	2.100.656,00	2.154.593,00
Marche-en-Famenne	11.000,00	75.000,00	86.000,00
Mechelen	37.395,00	1.622.805,00	1.660.200,00
Namur	8.250,00	742.927,00	751.177,00
Nivelles	772.525,00	11.130.741,00	11.903.266,00
Oudenaarde	2.000,00	7.650,00	9.650,00
Tongeren	722.957,00	9.161.512,00	9.884.469,00
Tournai	210.270,00	4.298.922,00	4.509.192,00
Turnhout	109.287,00	3.831.401,00	3.940.628,00
Verviers	5.000,00	358.214,00	363.214,00
Veurne		871.449,00	871.449,00
Total	8.766.131,00	124.514.372,00	133.277.353,00

⁽¹⁾ Amounts in EUR

⁵ This table was drawn up based on the information and the copies of judgments held by CTIF-CFI on 31/03/2013.

4.12. Follow-up of the information reported to the Minister of Finance

When CTIF-CFI reports a file to the judicial authorities related to serious and organised fiscal fraud CTIF-CFI informs the Minister of Finance. This also the case when CTIF-CFI reports a file related to illicit trafficking in goods and merchandise and/or illicit trafficking in narcotics, both falling under the competence of the Customs and Excise Administration⁶.

This measure has been applicable for a number of years to enable the Federal Public Service Finance to act when information shows that legal and natural persons are involved in fiscal fraud (especially VAT carousel fraud) or illicit trafficking in goods and merchandise. The Federal Public Service can freeze VAT refunds if a company is suspected of involvement in a VAT carousel fraud or decide to carry out checks on such a company.

The Minister of Finance designated the permanent committee for combating fiscal fraud (CAF-AFC) of the Federal Public Service Finance, Management Taxes and Tax Levy as the body to receive CTIF-CFI's notifications.

The permanent committee for combating fiscal fraud (CAF-AFC), the Special Tax Inspectorate (ISI-BBI), Administration for Taxing Businesses and Income (AFER-AIOR) and Customs and Excise Administration have been working on the follow-up since 2011 to assess the scope of tax reassessments and fines imposed as a result of the analysis of information reported by CTIF-CFI.

Based on the first results of this analysis at the end of 2012 we can infer the system works effectively. Between 2009 and 2011 an amount of EUR 42 million in reassessments and fines was collected.

Half of this amount refers to tax reassessments; the remaining amount refers to fines.

The largest files relate to VAT carousel fraud.

Based on these fine results CTIF-CFI examined how to improve communication with the permanent committee for combating fiscal fraud (CAF-AFC), the social information and investigation department (SIRS-SIOD) and Prosecutors at a labour tribunal in order to facilitate the work of these departments and collection of the amounts payable.

To this end the government recently decided to amend the Law of 11 January 1993 to communicate more efficiently with CAF-AFC, SIRS-SIOD and Prosecutors at a labour tribunal.

⁶ Cf. art. 35 § 2 par. 7 of the Law of 11 January 1993 – www.ctif-cfi.be – Legal provisions – Belgian legislation.

III. MONEY LAUNDERING AND TERRORIST FINANCING TRENDS

1. Introduction

A number of money laundering and terrorist financing trends were identified on the basis of the operational work of financial analysts and following typological⁷ and strategic⁸ analysis of the files reported to the judicial authorities in 2012.

For the most relevant predicate offences the description of money laundering and terrorist financing trends includes an overview of specific statistics and financial flows⁹, illustrated by one or more cases. The trend analysis is based on the files reported to the judicial authorities in 2012. The choice of the predicate offence was also determined by the importance of these predicate offences. These predicate offences, either because of the number of cases or the amount involved, can be considered as main motives for money laundering. Some other predicate offences that are less important quantitatively speaking are also discussed. These are relevant as an illustration of a new trend and may influence the national money laundering threat assessment.

The predicate offences for money laundering identified by CTIF-CFI (serious and organised fiscal fraud, fraud, illicit trafficking in goods, merchandise and arms, illicit trafficking in narcotics, human trafficking,...) and combating terrorism and terrorism financing are some of the government's main security¹⁰ priorities. The government considers the anti-money laundering system to be an important tool to confiscate criminal assets and generate additional revenue for the state.

The specific statistics provide the number of cases and the total amount of money laundering and terrorism financing for the files reported to the judicial authorities in 2012. They include a geographical breakdown by Public Prosecutor's Office and the judicial follow-up.

The analysis of financial flows also demonstrates the cross-border nature of transactions, the international aspect of transactions being very important in money laundering and terrorist financing.

Due to their cross-border nature the transactions identified at national level do not always reflect the entire money laundering process.

Section [3](#) of this chapter contains the judicial follow-up and section [4](#) of this chapter contains jurisprudence of courts and tribunals.

⁷ Cf. [glossary](#)

⁸ Cf. [glossary](#)

⁹ Cf. [glossary](#)

¹⁰ Cf. National Security Plan 2012-2015 – Together ensuring a safer and liveable society – Belgian Federal Police – <http://www.polfed-fedpol.be/pub/pdf/PNS2012-2015.pdf>

2. Specific offences

2.1. Serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension

2.1.1. Statistics

In 2012 CTIF-CFI reported 59 files to the judicial authorities because of serious indications of laundering proceeds of serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension.

There are two types of files where the national treasury or the treasury of another country is defrauded, mainly related to serious and organised fiscal fraud:

- files related to VAT carousel fraud;
- files related other types of serious and organised fiscal fraud.

The latter may involve complex European and/or international constructions. Legal, economic and financial manoeuvres are also often used in the money laundering cycle.

It is well-known that these organised structures, aimed at concealing the true beneficial owner, use every possible geographical, legal, material and human boundary to make their transactions and their genuine motive as unclear as possible (front companies, front men, forgery, untransparent financial centres,...). They always involve large amounts of money.

As became clear through “Offshore Leaks” tax havens remain problematic, despite efforts by the international community since 2008. CTIF-CFI also faces this issue in its daily operations.

Even though administrative cooperation between FIUs is easier than judicial and fiscal cooperation, the transparency of financial transactions with these centres remains an impediment for CTIF-CFI to effectively combat money laundering and related offences.

The financial flows show that CTIF-CFI identified, analysed transactions that could be related to a predicate offence. CTIF-CFI is often also faced with transactions for which it is difficult to determine the actual economic beneficiary because opaque legal constructions are used.

Our preventive systems now work much more effectively than twenty years ago. To avoid these criminals and fraudsters nowadays often use less exacting financial centres.

The financial transactions detected nowadays are mostly layering transactions, much fewer placement transactions (cf. Chapter I – [4.4. Money laundering stages](#)).

The financial sector and CTIF-CFI currently have to deal with financial transactions that are more difficult to analyse and link to possible fraud or offences.

Following the trail of criminal money is complicated by the banking secrecy that is still applicable in these centres. Belgium can carry out financial investigations in response to a request for information from a foreign FIU, yet this is not the case throughout Europe or the rest of the world.

The “fiscal alibi” is often used by these financial centres to significantly reduce international cooperation.

Doing away with tax havens and the advantages for those wishing to make their financial activities opaque should be a priority for the international community, otherwise the fight against money laundering and related offences will remain a hollow principle.

	2010	2011	2012	% 2012
Number of files	123	71	59	3,92
Amounts ⁽¹⁾	192,67	97,73	190,25	8,44

⁽¹⁾ Amounts in million EUR

Compared to 2011 there was a decrease in the number of files CTIF-CFI reported to the judicial authorities because of serious indications of laundering proceeds of serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension. The amounts are similar to those in 2010.

Managing to sharply reduce or almost even eradicate files related to VAT carousel fraud at preventive level is undoubtedly one of the achievements of the past twenty years.

In 2003 CTIF-CFI reported 140 files related to such VAT fraud. From 2004 the number of files related to VAT decreased, from 140 files in 2003 to 78 files in 2004, 55 files in 2005, 33 files in 2008 and 29 files in 2010. In 2012 only 7 files related to VAT carousel fraud were reported to the judicial authorities.

This is the result of an improved approach by the police and judicial authorities as well as an improved preventive approach. Upon CTIF-CFI's advice a number of indicators of serious and organised fiscal fraud were made available to the financial sector on 3 June 2007. Using these indicators enabled financial institutions to identify financial transactions linked to VAT carousels more quickly and promptly end these fraudulent transactions by closing these accounts.

In recent years CTIF-CFI has increasingly found that money laundering files in which the proceeds of fiscal fraud were laundered were not really complex or organised enough to be able to report this file the judicial authorities for serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension.

By contrast the laundered amount (several million EUR) in itself could warrant reporting this file to the judicial authorities.

In order to do away with this gap and its consequences (files closed by CTIF-CFI that can nevertheless be considered to be serious according to FATF standards) and ensure that Belgian AML/CFT system complies with the new FATF recommendations and the definition of "tax crime" adopted in February 2012, the government decided to replace the predicate offence "serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension" with "serious fiscal fraud (whether organised or not)" in the Law of 11 January 1993.

The degree of complexity or organisation of the fraud (use of complex legal constructions, opaque financial centres) becomes an element of the seriousness, without this being required, as for the amount of the fraud or the use of fake or forged documents.

This new definition should improve the efficiency of the AML/CFT system in the long run.

Breakdown according to type of fraud in 2012

	Number of files		Amounts ⁽¹⁾	
	2012	% 2012	2012	% 2012
Other tax fraud	52	88,14	162,62	85,48
VAT carousel fraud	7	11,86	27,63	14,52
Total	59	100	190,25	100

⁽¹⁾ Amounts in million EUR

Breakdown of files reported to the judicial authorities in 2012 involving VAT carousels by type of goods

	Number	Amounts ⁽¹⁾
Merchandise and beverages	3	23,37
Phone, computers, hi-fi and video	1	1,53
Cars and car parts	1	1,52
Other	2	1,21
Total	7	27,63

⁽¹⁾ Amounts in million EUR

2.1.2. Public Prosecutor's Office

Breakdown of the number of files and the total laundered amount reported in 2012 related to serious and organised fiscal fraud by Public Prosecutor's Office

The table below provides the breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported 42,37% and 22,03% of the files to the Public Prosecutor's Office in Brussels and Antwerp. These files also represent the largest laundered amount.

	Total number 2012	Total number %	Total amount 2012 ⁽¹⁾	Total amount %
Brussels	25	42,37	95,56	50,23
Antwerpen	13	22,03	36,21	19,03
Gent	4	6,78	14,56	7,65
Veurne	1	1,69	13,09	6,88
Turnhout	1	1,69	10,99	5,78
Brugge	2	3,39	8,59	4,51
Arlon	1	1,69	3,89	2,04
Dendermonde	3	5,08	3,07	1,61
Leuven	1	1,69	1,53	0,80
Liège	2	3,39	1,32	0,69
Tongeren	2	3,39	0,78	0,41
Mons	1	1,70	0,29	0,16
Hasselt	1	1,70	0,26	0,14

Eupen	1	1,70	0,09	0,05
Charleroi	1	1,70	0,03	0,02
Total	59	100	190,25	100

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to serious and organised fiscal fraud by judicial follow-up

The table below shows that a police investigation is ongoing in 52,54% of the reported files and a judicial investigation is ongoing in 8,47% of the reported files.

	2012	% 2012
Police investigation	31	52,54
Dismissal	22	37,29
Judicial investigation	5	8,47
Judgment	1	1,70
Total	59	100

2.1.3. Financial flows

The analysis of the financial flows mainly shows that:

- CTIF-CFI reported two types of serious and organised fiscal fraud in 2012: files in which gold was considered to be a safe value or investment to launder the proceeds of various predicate offences and files in which gold was used to conduct fraudulent VAT transactions and launder the proceeds of these fraudulent activities. This distinction is reflected in the financial flows (purchasing and selling precious metals worth several millions and transfers with Norway);

- With regard to serious and organised fiscal fraud the financial flows in 2012 increasingly feature jurisdictions known for their lack of transparency (Cayman Islands, British Virgin Islands, Cyprus, Saint Kitts and Nevis, Marshall Islands, Seychelles).

The transactions identified in 2012 involving gold can be explained through the increasing value of gold on the international markets. The value of gold recently fell again in 2013. Gold lost some 10% of its value and is therefore less appealing as a safe value.

Companies recycling old (precious) metals, jewellers and (an increasing number) of dealers in precious metals that (ever more frequently) buy these precious metals. Yet they are not subject to customer due diligence and are not required to disclose to CTIF-CFI when they find or suspect that transactions are related to money laundering. Only the cash threshold is applicable to this industry if the sales price is higher than EUR 5.000 (EUR 3.000 EUR in 2014).

As gold is purchased using cash the gold trade (**retailers and wholesalers**) is subject to money laundering and terrorist financing risks. The government decided to take measures to prohibit these dealers from paying customers in cash when selling precious metals worth over EUR 5.000 (3.000 in 2014).

Diagram – Serious and organised tax fraud

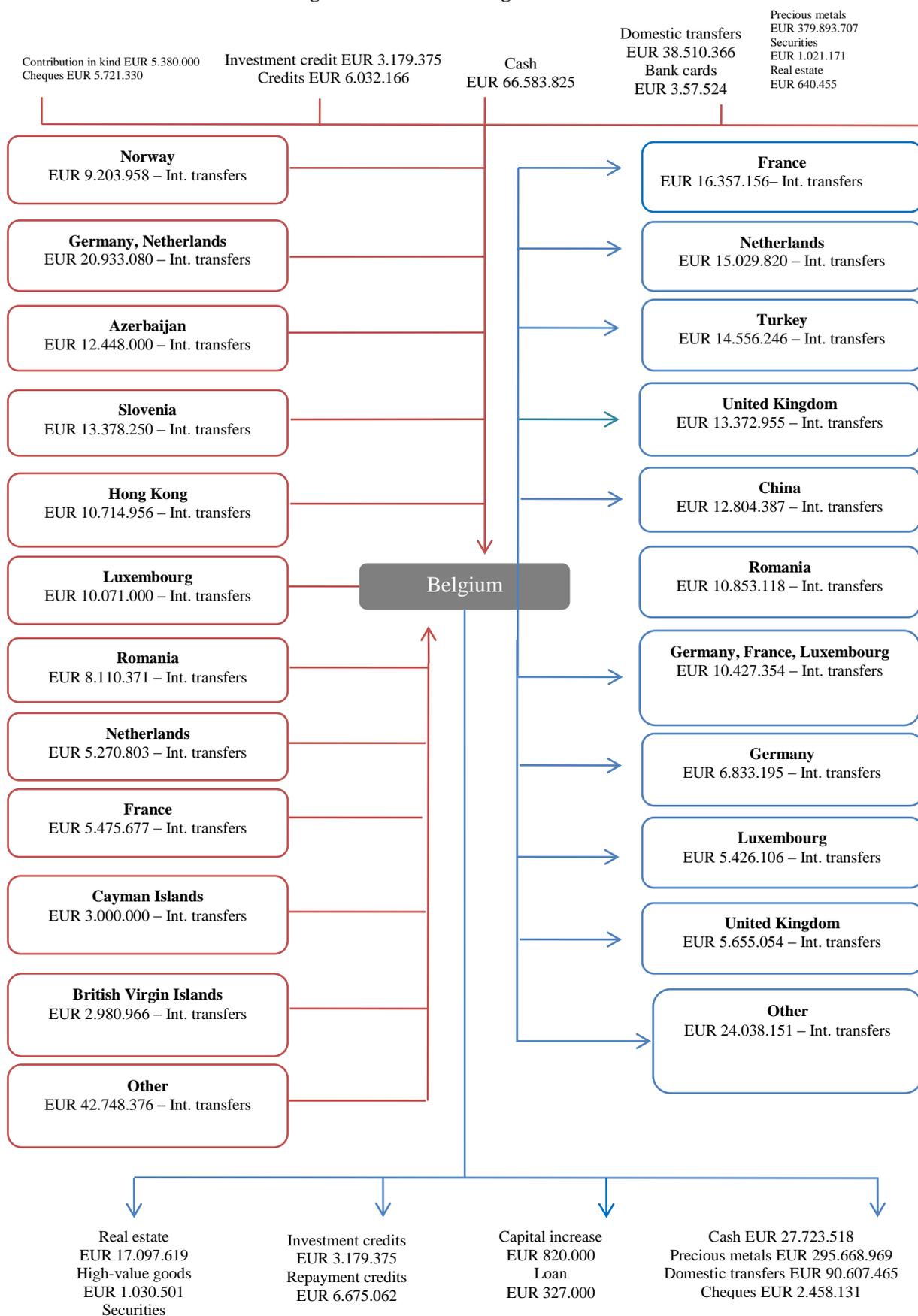


Diagram – Serious and organised tax fraud – VAT carousel fraud

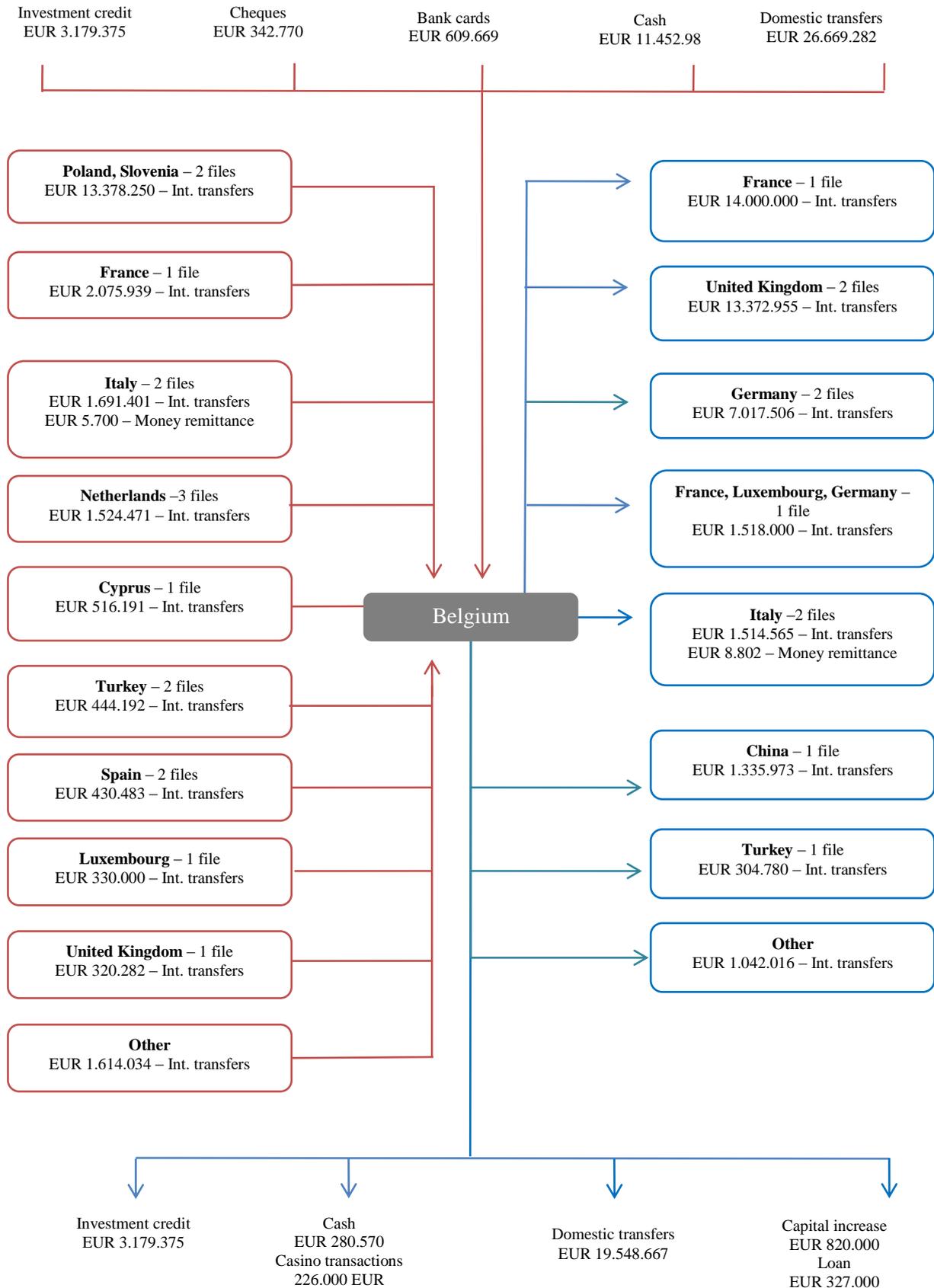
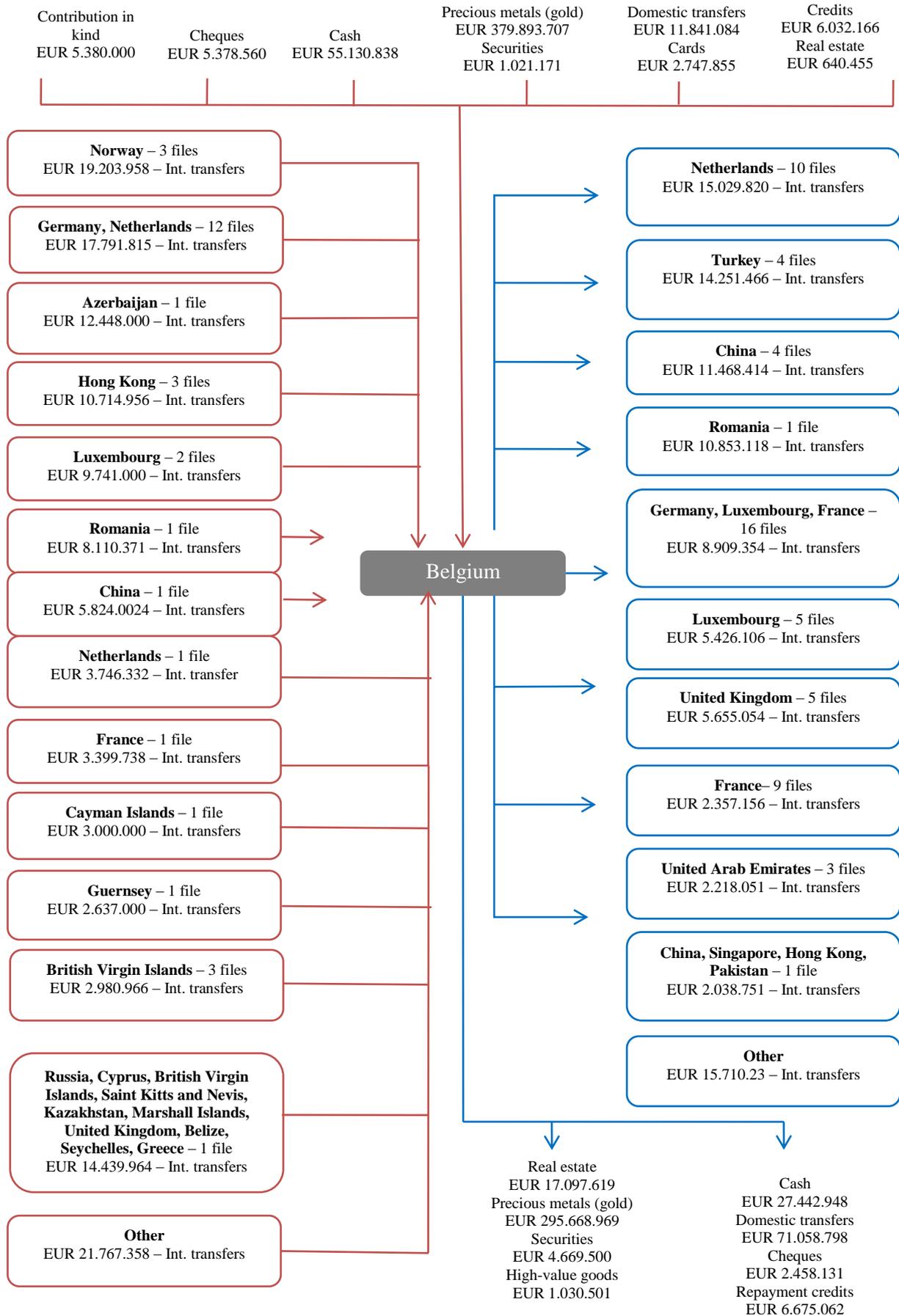


Diagram – Serious and organised tax fraud – other fraud



2.1.4. Cases

Case 1

Offence	Money laundering Serious and organised fiscal fraud Illicit trafficking in goods and merchandise
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits International transfers
Jurisdictions involved	Belgium, China, Singapore, Hong Kong, Pakistan
Disclosing entities	Banks
Warning signals⁽¹⁾	- Sensitive sector (textiles) - Cash deposits using ATMs for cash deposits and withdrawals - Transit accounts - Front men

⁽¹⁾ Cf. [glossary](#)

X managed several Belgian companies in the textile sector, trading in leather jackets in particular. He opened accounts for these companies with various banks in Belgium.

Large financial transactions took place on these accounts. These were mainly cash deposits using ATMs for cash deposits and withdrawals at the same branch, followed by international transfers to China, Singapore, Hong Kong and Pakistan. Given the references these transfers were probably payments for merchandise, yet without any link to any delivery or invoice number.

At first sight these financial transactions resulted from business activities of Belgian companies: the cash deposits were said to be the proceeds of sold merchandise and the international transfers were said to be conducted to supply shops they had opened.

Various elements indicated that many of these financial transactions were part of X's illegal activities.

- Police information revealed that one of the companies led by X was under investigation and that this company had large VAT debts. The Special Tax Inspectorate (ISI-BBI) was investigating this company and other companies led by X.
- Moreover, similar transactions could be carried out using other accounts held by other companies and natural persons linked to X. The financial transactions revealed that similar transactions took place on accounts held by different companies and natural persons (cash deposits followed by international transfers) without any economic rationale.

Some EUR 2 million was deposited in cash on the various accounts.

A large part of the transactions in this file seemed to be part of a complex money laundering system with international business transactions. This method is generally used to import merchandise (often from Asia) and sell to other parties without paying the rights due for these transactions.

To avoid traceability the financial transactions related to these activities are carried out on transit accounts held by front men (no known economic activity that could warrant the financial transactions on their personal accounts, extensive police record...).

Various Belgian companies involved in these transactions were possibly also used as a cover for illegitimate transactions.

We can deduce that a large part of the financial transactions in this file are commercial transactions conducted outside of any official and legal activities of these companies, or even outside any legal and official framework.

A large part of the merchandise sold in shops run by various companies led by these individuals could be imported without paying the taxes due or more could be imported than the quantities officially reported to the authorities.

Selling this merchandise (mainly on the black market) yielded illegal profits (in cash). Part of this cash was used to pay the exporters of merchandise in Asia.

To cover their tracks and avoid traceability of the exact context of the transactions in the future the payments were conducted using accounts held by front men or front companies.

Case 2

Offence	Money laundering Serious and organised fiscal fraud Illicit trafficking in goods and merchandise (beverages)
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	
Jurisdictions involved	Belgium, United Kingdom
Disclosing entities	Banks
Warning signals	- Large cash transactions - Sensitive sector (beverages, cigarettes)

Company A’s accounts were almost exclusively used for cash deposits, over a three-year period a total amount of EUR 35.000.000,00 was deposited.

The account’s debit transactions in this same period mainly consisted of transfers to company B’s account, a large wholesaler in tobacco products, sweets, beverages and phone cards, for a total amount in excess of EUR 32.000.000,00. Based on the references these transfers seemed to be linked to purchasing merchandise such as beverages and cigarettes. Company B was not one of company A’s main suppliers though.

The credited amount never remained on the account for very long. Given the large amounts on this account it was striking that in these three years the balance was never more than EUR 45.000,00.

Information from the Customs and Excise Administration revealed that company A and its manager were unfavourably known to the Belgian customs authorities and featured in the national database for customs and excise offences, in particular for illegal trade in counterfeit cigarettes for the British market.

The use of cash in the money laundering process is aimed at concealing the actual origin of the funds. It proves very difficult to establish whether the cash deposits related to sales transactions in Belgium or abroad.

The transactions on company A’s accounts could have been related to large-scale fiscal fraud and/or illegal trafficking in goods and merchandise.

2.2. Fraudulent bankruptcy and misappropriation of corporate assets

2.2.1. Statistics

The number of files reported to the judicial authorities related to fraudulent bankruptcy and misappropriation of corporate assets rose sharply in 2012 compared to 2010 and 2011, so the trend identified in 2011 continues.

The Belgian Federal Police also came to this conclusion. The loss incurred due to bankruptcies amounts to some EUR 700 million¹¹.

These two predicate money laundering offences emerged early 2007 and at the start of the housing crisis in the United States and the financial crisis in 2008.

In 2004 CTIF-CFI only reported 59 files to the judicial authorities for fraudulent bankruptcy. In 2007 the number of files reported to the authorities for these two offences rose to 164 files and has been increasing ever since (174 files in 2008, 201 in 2010, 292 in 2011 and 364 in 2012).

The increase in the number of files reported to the judicial authorities is undoubtedly due to the rise in the number of bankruptcies recorded in Belgium in 2008, which is related to the economic downturn.

The amounts involved in these files decreased, probably because these files are identified more quickly but also because CTIF-CFI reported a large file involving probable misappropriation of corporate assets with rebate of risk capital (notional interests) for a total amount of nearly EUR 100 million (cf. 2.2.4 of CTIF-CFI's Annual Report 2011).

	2010	2011	2012	% 2012
Number of files	201	292	364	24,17
Laundered amounts ⁽¹⁾	111,24	210,48	132,68	5,88

⁽¹⁾ Amounts in million EUR

¹¹ *Nationaal Politieel Veiligheidsbeeld 2011* [National Police Security Image 2011]

2.2.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2012 related to fraudulent bankruptcy and misappropriation of corporate assets by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported most of the files (31,04%), also representing the largest laundered amount, to the Public Prosecutor's Office in Brussels.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Brussels	113	31,04	34,78	26,22
Antwerpen	47	12,91	20,38	15,36
Gent	19	5,22	16,05	12,10
Brugge	12	3,30	14,64	11,04
Charleroi	27	7,42	6,38	4,81
Mons	16	4,40	6,00	4,52
Hasselt	16	4,40	4,99	3,76
Dendermonde	17	4,67	3,88	2,92
Kortrijk	8	2,20	3,50	2,64
Turnhout	10	2,75	2,98	2,24
Liège	12	3,30	2,93	2,21
Leuven	8	2,20	2,44	1,84
Tournai	12	3,30	2,38	1,80
Federal Public Prosecutor's Office	1	0,27	2,21	1,66
Tongeren	5	1,37	1,55	1,17
Nivelles	10	2,75	1,32	0,99
Marche-en- Famenne	2	0,55	1,07	0,81
Namur	5	1,37	1,03	0,77
Oudenaarde	5	1,37	0,97	0,73
Dinant	1	0,27	0,82	0,62
Eupen	2	0,55	0,70	0,53
Arlon	3	0,82	0,66	0,50
Verviers	3	0,82	0,32	0,24
Mechelen	5	1,37	0,27	0,20
Veurne	3	0,82	0,23	0,18
Huy	1	0,27	0,15	0,11
Ieper	1	0,27	0,05	0,03
Total	364	100	132,68	100

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to fraudulent bankruptcy and misappropriation of corporate assets by judicial follow-up

The table below shows that a police investigation is underway in 60,99 % of the reported files.

	2012	% 2012
Police investigation	222	60,99
Dismissal	120	32,97
Judicial investigation	17	4,67
Referral to court	1	0,27
Handed over to foreign judicial authorities	1	0,27
Judgement	3	0,83
Total	364	100

2.2.3. Financial flows

The characteristics identified in files related to fraudulent bankruptcy are:

Regarding the company's profile

- Negative equity capital and successive losses
- In order to conceal the actual beneficiary natural persons acting as managers try to remain in the background by using a front man to carry out the transactions. Front men are mainly used when individuals can be linked to companies that went bankrupt shortly after being established to withdraw money from the company.

Regarding suspicious transactions

- The transactions are mainly carried out using the banking system.
- Often a personal account is used as a transit account.
- The account holder is often the manager of the commercial company.
- The money is laundered by immediately withdrawing it in cash, transferring it abroad and subsequently using this money.
- The funds are mainly sent from and to Belgium.
- An international dimension is possible but usually neighbouring countries or opaque financial centres are involved.

Transactions related to fraudulent bankruptcy may be relatively simple, sometimes planning is involved. The offences can be divided into two groups: organised and planned bankruptcies or somewhat spontaneous bankruptcies where the offences are committed in an attempt to make the best out of a bad job¹².

According to the type of bankruptcy simple or relatively complex methods can be used.

In contrast with fraudulent bankruptcy there is no link between misappropriation of corporate assets and bankruptcy. Misappropriation of corporate assets can take place in companies that are financially sound as well as in companies on the verge of bankruptcy. In addition this offence can affect companies that are not commercial companies, in particular non-profit organisations.

¹² *Nationaal Politieel Veiligheidsbeeld 2011* [National Police Security Image 2011]

Several files revealed a link between fraudulent bankruptcy and misappropriation of corporate assets as they for both offences assets may be withdrawn from a commercial company. Misappropriation of corporate assets can affect a company's financial situation and as such precede fraudulent bankruptcy. Often CTIF-CFI also reports these files to the judicial authorities for both predicate offences.

Some characteristics of fraudulent bankruptcy also feature in files reported for misappropriation of corporate assets.

Regarding the legal entity's profiles

- The company's financial situation is often alarming: the results at the end of the fiscal year are negative, the companies are summoned by the National Office of Social Security, have negative solvency or equity capital.

Regarding suspicious transactions

- The transactions are mainly carried out using the banking system.
- A personal account is used as a transit account for funds of the legal entity's assets.
- The legal entity's manager conducts transactions that do not correspond to the corporate goals or the company's financial situation.
- The manager carries out debit transactions on the company's account: funds from the legal entity's assets are credited to the manager's personal account, mainly through cash withdrawals or transfers. Often the personal account is used to immediately carry out cash deposits or transfers, usually to the manager himself.
- The manager's personal account is sometimes used for large credit transactions, even though no other transactions are carried out on the legal entity's account.
- Some references of transfers point to invoices. This indicates that the transactions on the personal account can be linked to professional activities carried out for personal ends, to the detriment of legal entities, creditors or associates.
- Files increasingly have an international dimension, mainly transfers to and from opaque financial centres.

Diagram – Fraudulent bankruptcy

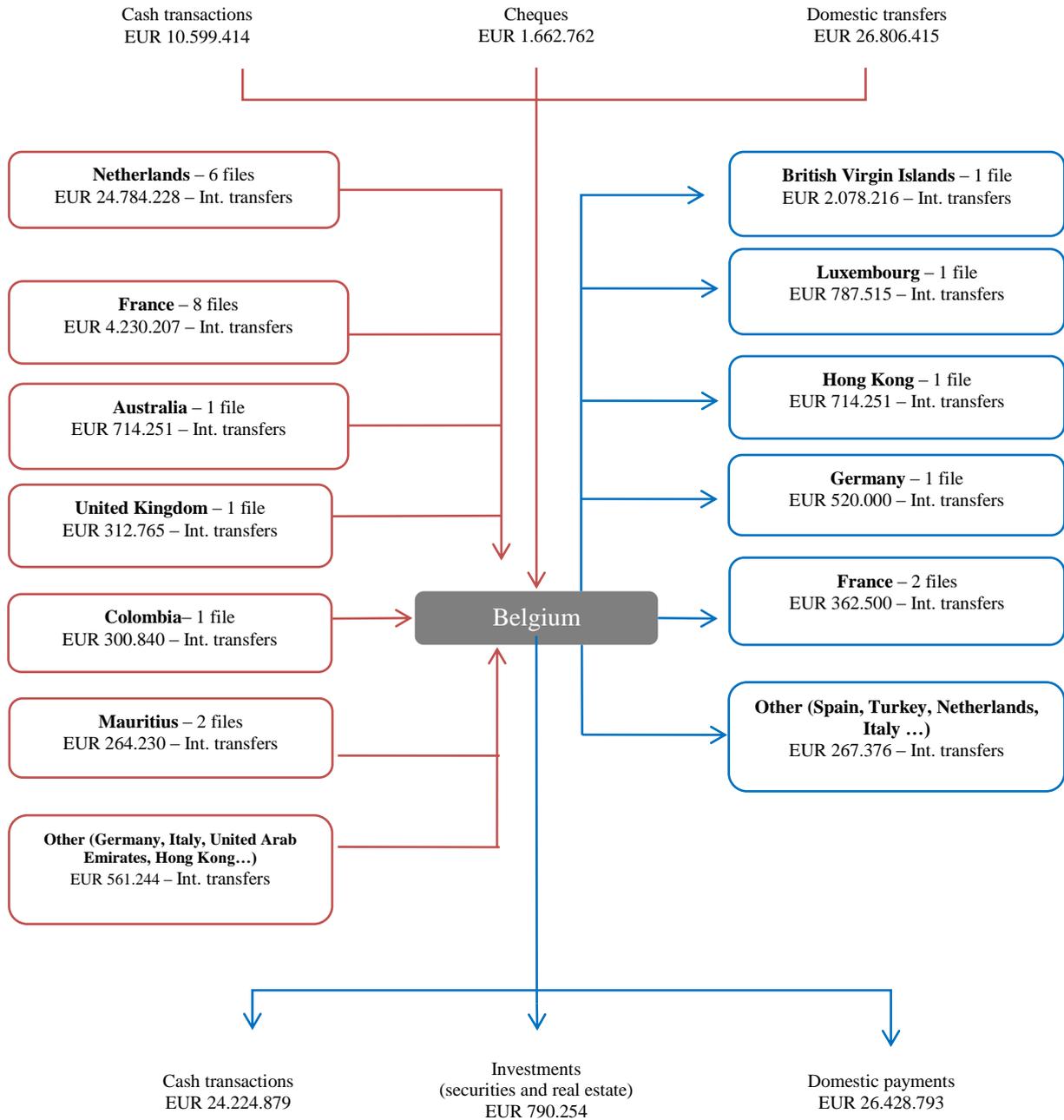
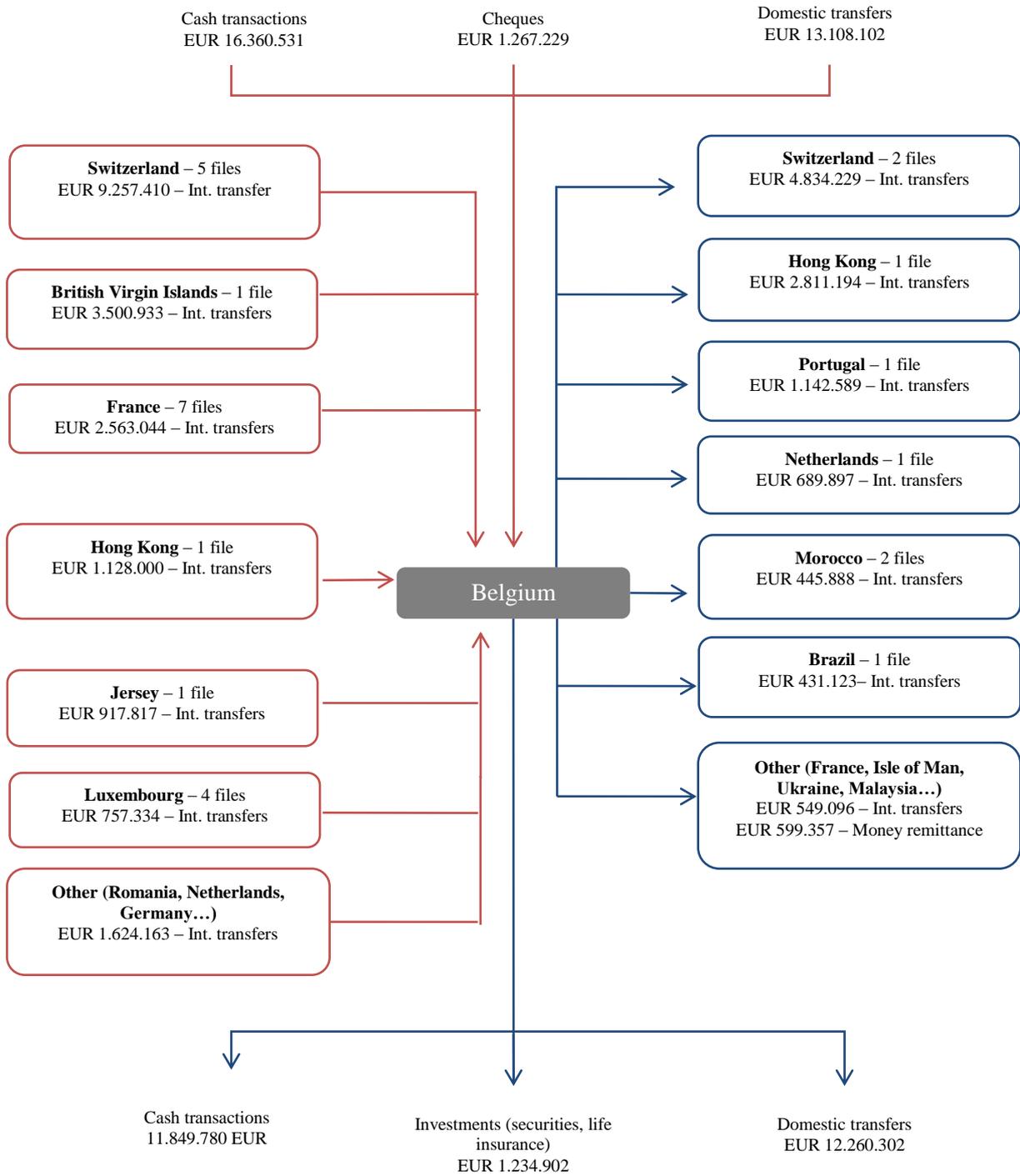


Diagram – Misappropriation of corporate assets



2.2.4. Cases

Case 1

Offence	Money laundering Misappropriation of corporate assets
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	Setting up companies Cash deposits Cash withdrawals Domestic transfers Credit application
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- Setting up companies - Personal account used as a transit account - Manager carried out debit transactions on the company's account - Investment in real estate - Use of a front man

Company A, set up by X, had very large corporate goals, including running a pub and providing phone and courier services. The company set up an account, to which funds were transferred from X's personal account, with reference to registered capital. Less than two months later X resigned and Y was appointed as the new manager.

Further investigation showed that X had previously set up company B and resigned two months after the company was established.

Various cash deposits took place on X's personal accounts. It was striking that most cash deposits took place in the month that X decided to resign as the company's manager. He is said to still be responsible for the day-to-day management. The company's account was primarily used to withdraw money in cash and was subsequently closed.

Three days after the account was closed X and his spouse set up company C, also with broad corporate goals. In the same period X withdrew funds from his personal accounts in cash.

Given the timing and the type of financial transactions, it is highly likely that at least part of the funds came from company A's account. So X continued setting up companies and used funds already invested in another company. This process points to misappropriation of corporate assets.

X and Y both received monthly unemployment benefits on their current accounts, even when they were managers.

X also owns a property that he rents out. The main transactions on his accounts were rental income. In a credit application for a new buy-to-let property X claimed to have some EUR 200.000,00 in own funds. No evidence was provided to substantiate this claim, nor any clarification on the origin of the funds.

Case 2

Offence	Money laundering Fraudulent bankruptcy
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- Sensitive sector (cleaning) - Setting up companies, NPOs

X, Y and Z jointly set up company A. According to the memorandum of association this company provided staff to families and companies for chores such as cleaning, washing, ironing, sewing, cooking, shopping, gardening and other household chores. In reality this company provided staff using “service vouchers”.

This company was declared bankrupt four years after it had been set up.

Information from the trustee in this bankruptcy indicated he had identified various elements pointing to possible fraudulent bankruptcy. The bankrupt company ceased its activities in 2011, ran up over EUR 100.000,00 in debts with the National Office of Social Security and many employees were not paid. The company did not admit to suspension of payment within a month after this situation was established and was only declared bankrupt one year later when summoned by the National Office of Social Security.

The company permanently ceased its activities in April 2011. In this period X, together with Y and W set up NPO B. The official goal of this NPO is to promote and encourage cleaning activities. To this end “all means for the distribution of service vouchers are used, especially by providing training for users”. In reality this company was one again a company providing staff using service vouchers.

Several elements reveal that assets were withdrawn from company A:

- The dates are the same;
- Both companies are companies using service vouchers;
- Both business names are similar;
- Both companies are located at the same address;
- The deeds to move the registered offices, registered capital, and company A’s assets and company B’s memorandum of association were registered at the court in Brussels on the same day;
- NPO B’s activities commenced shortly after being established, indicating that it took over another company’s activities;
- X was involved in establishing NPO A and NPO B. X is both manager and representative for NPO B’s day-to-day operations;
- Even though X stopped being an associate of NPO A in 2008 his account revealed that he received funds from company A until 27 April 2011. A total amount of EUR 10.100,00 was transferred from company A between 27/04/2011 and 28/04/2011, when the company’s activities were ceased.

These elements lead to suspect that assets were withdrawn from the company. The activities of company A were taken over (customers and staff,...), moved them to an NPO, did not repay company A’s debts and let the company go bankrupt.

Between August 2011 and September 2012 service vouchers were cashed on NPO B's account, for a total amount of some EUR 750.000,00. This confirms that the NPO was actually a company providing staff using service vouchers.

NPO B's activities and its proceeds seemed to result from assets withdrawn from the company and fraudulent bankruptcy.

NPO B's account was used to pay salaries and X was one of the beneficiaries. In addition, a total amount of nearly EUR 30.000,00 was withdrawn in cash.

A database held by the tax authorities also showed that NPO had tax arrears.

Case 3

Offence	Money laundering Misappropriation of corporate assets Serious and organised fiscal fraud
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- Setting up private foundations

The private foundation A was established in April 2009. It was led by private foundation B, accountant X, Y and Z. The memorandum of association drawn up at the offices of notary W listed very broad corporate goals for this foundation.

In May 2009, one month after the foundation was established, private foundation A was appointed as managing director of company C. Y and Z have led this company since 2004.

At the end of 2009 EUR 40.000,00 was transferred from company's C account to the foundation's account, no reference was provided. The money was then transferred in separate transactions to Z's personal accounts. Between the end of 2009 and the beginning of 2011 similar transactions were repeatedly carried out, for a total amount of over EUR 115.000,00.

Analysis of company C's financial situation revealed loss carried forward in the financial year 2010 (when most of the transfers took place) and that it also made a loss that year. This made the transfers even more suspicious.

These transactions were probably conducted to create the impression that dividends were paid to managers through the foundations.

Information from the Special Tax Inspectorate (ISI-BBI) showed that company C did not pay any dividends in the tax years 2009 to 2012.

As there is no economic rationale behind these transactions this leads to suspect that the foundation was used for the misappropriation of corporate assets.

The account was not used for a year and was subsequently used by company E, another company owned by Z, to transfer EUR 3.000,00 per month to the foundation. Given the unfavourable financial data on this company, these transactions were also suspicious.

Some months after foundation A was created in June 2009 the private foundation D was set up. Private foundation B was co-manager and X was the representative. The memorandum of association drawn up at the offices of notary W also listed very broad corporate goals for this foundation.

In 2010 the private foundation D was made manager of company E. Since the start of 2010 money was regularly transferred from company E to the foundation's account, for more than EUR 270.000,00. Less than a third of this amount was transferred back to the company's account. In addition almost EUR 80.000,00 was deposited in cash on the foundation's account. The account was also used to pay off substantial credit card statements, for a total amount of more than 30.000,00 EUR. These transactions lead to suspect that these individuals used money for personal expenses. In addition the account was also used to withdraw in excess of EUR 25.000,00 EUR in cash.

It should also be noted that Company E also carried loss forward in the last three tax years.

Z was also known to the police for economic offences.

In this file private foundation were set up to withdraw corporate assets. By creating the impression that dividends were paid the use of these foundations was an additional step in the process to withdraw corporate assets.

2.3. Illicit trafficking in arms, goods and merchandise

2.3.1. Statistics

In 2012 CTIF-CFI reported 164 files after identifying serious indications of laundering the proceeds of illicit trafficking in arms, goods and merchandise. The money laundering transactions in these files have a total value of EUR 268,38 million or 11,72 % of the total amount of all reported amounts in 2012. In terms of the number of reported files illicit trafficking in arms, goods and merchandise comes in fourth place. In terms of the reported amounts illicit trafficking in arms, goods and merchandise comes in third place.

This is because several files were reported to the judicial authorities related to the diamond trade. This topic is detailed in the section financial flows and cases.

These files show that the term illicit trafficking in goods and merchandise cover a whole range of offences breaching commercial legislation. Apart from illicit trafficking in goods and merchandise other predicate offences are also common, including counterfeiting, fraud or fiscal fraud.

	2010	2011	2012	% 2012
Number of files	92	136	164	10,89
Amounts ⁽¹⁾	142,00	112,78	264,38	11,72

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to illicit trafficking in arms, goods and merchandise

Type of trafficking	from 01/01/12 to 31/12/12	Amounts ⁽¹⁾
Minerals, gold, precious stones and jewellery	43	231,53
Telephone cards	7	16,98
Cars and car parts	67	5,95

Stolen goods	6	3,14
Counterfeit goods	9	1,20
Textile	6	0,64
Phones, computers, hi-fi, video	2	0,60
Tobacco, cigarettes and alcohol	3	0,49
Arms	1	0,10
Other	20	3,75
Total	164	264,38

⁽¹⁾ Amounts in million EUR

2.3.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2012 related to illicit trafficking in arms, goods and merchandise by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported most of the files (43,90%) to the Public Prosecutor's Office in Brussels. 26,83 % of the files, also representing the highest laundered amount (85,87%), was reported to the Public Prosecutor's Office in Antwerp.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Antwerpen	44	26,83	227,02	85,87
Brussels	72	43,90	13,05	4,94
Hasselt	3	1,83	12,87	4,87
Eupen	1	0,61	3,18	1,20
Turnhout	5	3,05	2,37	0,90
Liège	6	3,66	2,33	0,88
Mons	5	3,04	0,71	0,26
Brugge	2	1,22	0,61	0,23
Nivelles	4	2,44	0,61	0,23
Charleroi	3	1,83	0,47	0,18
Verviers	3	1,83	0,35	0,13
Tongeren	4	2,44	0,22	0,08
Tournai	1	0,61	0,12	0,04

Federal Public Prosecutor's Office	2	1,22	0,11	0,04
Mechelen	2	1,22	0,09	0,04
Veurne	1	0,61	0,07	0,03
Gent	2	1,22	0,05	0,02
Ieper	1	0,61	0,04	0,02
Leuven	1	0,61	0,04	0,02
Namur	1	0,61	0,03	0,01
Huy	1	0,61	0,03	0,01
Total	164	100	264,38	100

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to illicit trafficking in arms, goods and merchandise by judicial follow-up

The table below shows that 57,93% of the reported files have been dismissed and a police investigation is underway in 40,24% of the reported files.

	2012	% 2012
Dismissal	95	57,93
Police investigation	66	40,24
Judicial investigation	2	1,22
Judgment	1	0,61
Total	164	100

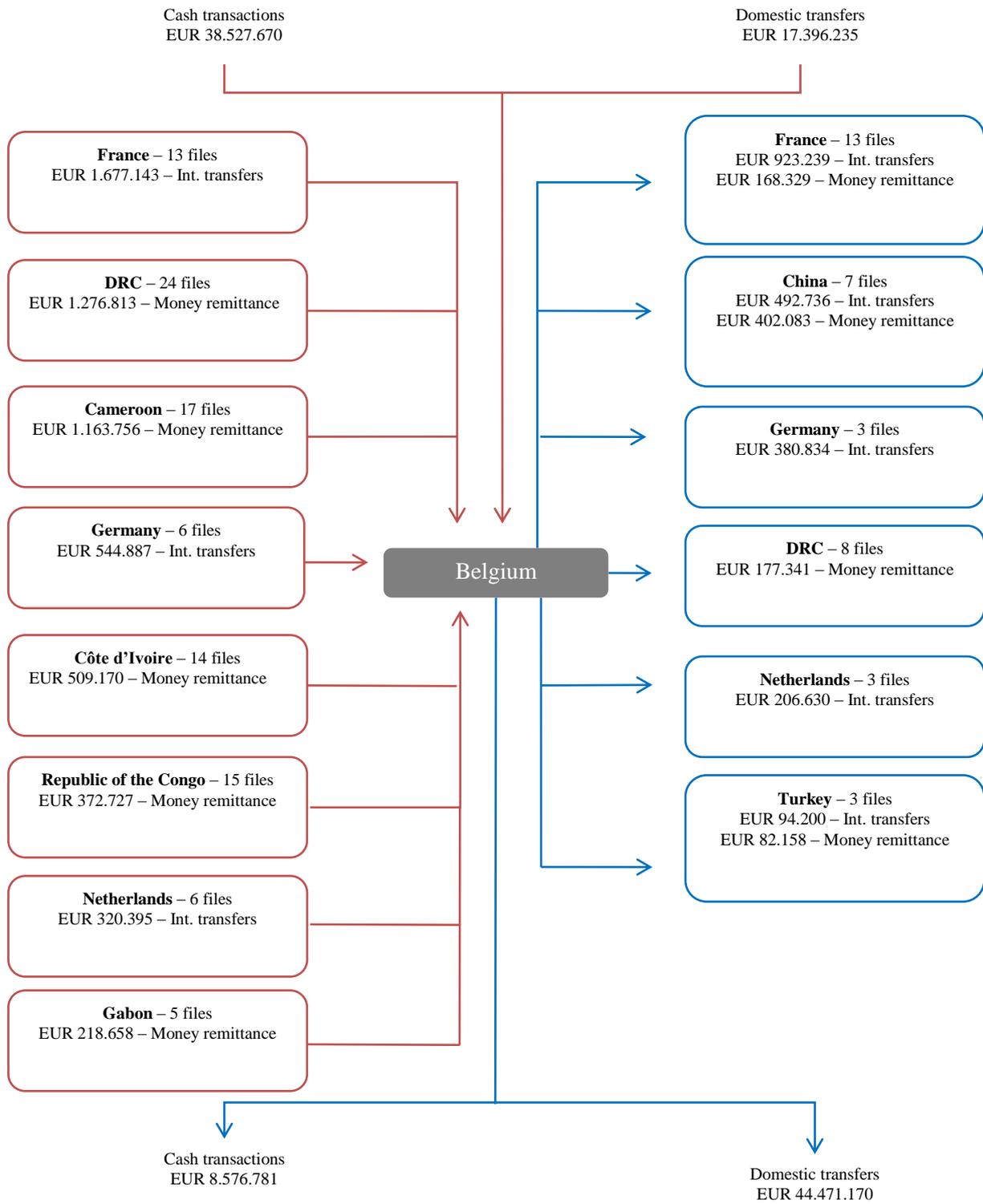
2.3.3. Financial flows

The variety of files mentioned above is also reflected in the financial flows related to illicit trafficking.

Apart from our neighbouring countries a number of African countries are often identified as a country of origin of funds. In addition to our neighbouring countries Turkey and China are two countries to which funds are sent (and from which goods originate), and have a reputation for manufacturing counterfeit goods or cheap textiles.

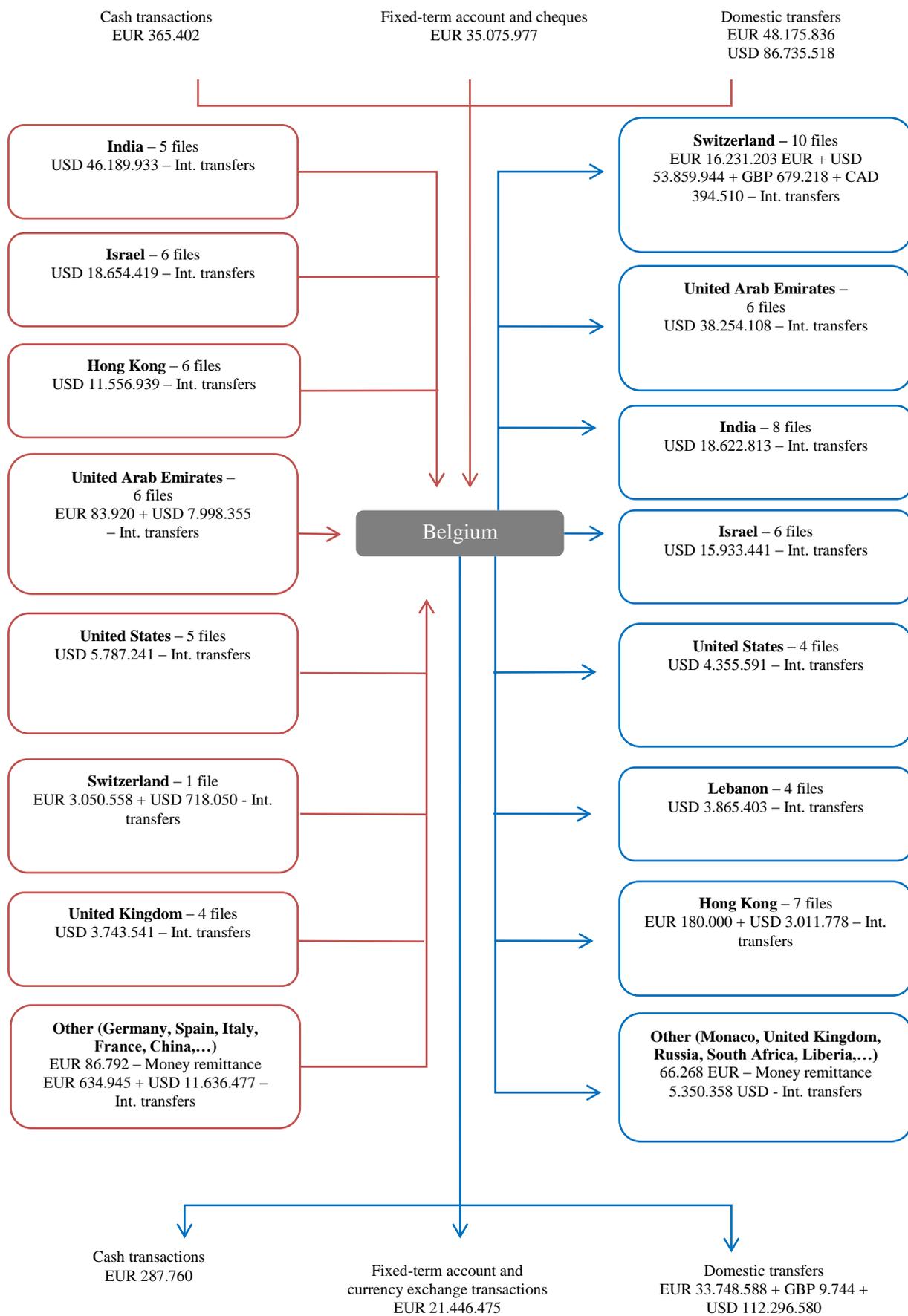
African countries such as the Democratic Republic of the Congo often feature in files involving illegal trafficking in vehicles. Our neighbouring countries are countries of origin and destination for money flows and goods in files in which goods are illegally sold on the Internet.

Diagram – Illicit trafficking in goods and merchandise (excluding diamonds)



Given that illicit trafficking in diamonds deserves particular attention we have included a separate diagram illustrating this type of illicit trafficking in goods.

Diagram – Illicit trafficking in diamonds



The funds in these files mainly originate from Belgium through the use of domestic transfers. Cash transactions are hardly used.

Looking at the amounts the incoming flows originate in India, Israel, Hong Kong, the United Arab Emirates, the United States, Switzerland and the United Kingdom. The transactions are mostly international transfers on bank accounts in USD.

Belgium is also the main country of destination of the financial flows. The funds were transferred to other countries. Again cash transactions are hardly used.

The funds are transferred internationally to Switzerland, the United Arab Emirates, India, Israel, the United States, Lebanon and Hong Kong. As with the incoming flows the transactions are international transfers on bank accounts in USD.

The fact that India, Israel, the United Arab Emirates (Dubai in particular) and Hong Kong feature in the international transfers is because these countries play an increasingly more important role in the international diamond market.

2.3.4. Cases

Cases 1

Offence	Money laundering Illicit trafficking in goods and merchandise
Parties involved	Legal persons Natural persons
Sectors involved	Banks
Channels used	International transfers
Jurisdictions involved	Belgium, France, China, Turkey
Disclosing entities	Banks
Warning signals	- Sensitive sector (construction industry, textile) - No economic rationale

The Belgian company A led by the French national X officially exported various goods (especially textiles).

Between July and December 2011 company A’s account was used to carry out several suspicious transactions. French construction companies transferred more than EUR 450.000,00 to the account. This money was subsequently transferred to France, China and Turkey.

Based on these elements we can infer that company A is a front company and its structure is misused to carry out financial transactions for illegitimate business activities.

- The company did not file any VAT returns in 2011. The tax authorities also suspected that this company never actually conducted any business in Belgium. In addition it never submitted any annual accounts. In 2010 company A’s turnover was made up solely of deliveries to one French company. This company’s VAT number expired in May 2010 and was scrapped in October 2010. It is therefore questionable whether the transactions with this company were legitimate or genuine.
- As to the international transfers to China and Turkey no import of goods from these countries was reported to customs. This indicates that X, using Company A, imported merchandise without paying the duties due for these transactions.

In addition, there was no economic rationale behind the transfers from French construction companies to company A, a company importing and exporting various goods (especially textiles).

We can rightly doubt whether the merchandise (textiles) were actually delivered to these French construction companies.

Part of the merchandise imported from China and Turkey was sold on the black market in Belgium and/or France. The transfers from the French companies were merely aimed at concealing the sales on the black market.

All of this information points to a possible link between these two sectors, both used to conduct complementary illegal activities and individuals cooperated in a common interest.

The analysed transactions crediting the account indicate a clear link with the construction industry, which is very sensitive to trafficking in illegal labour. The analysed transactions debiting the account were linked to the sale of products imported from China and Turkey. Yet no purchase or sale transactions were recorded in Belgium, so the merchandise was probably sold on the black market.

Construction companies need a lot of cash to pay their employees, companies trading in various goods and merchandise have large amounts of cash available.

Possibly compensation was used to avoid that cash would end up in the official banking system and prevent banks or authorities from detecting these large cash transactions.

We can assume that the cash proceeds of selling these goods on the black market was personally given to the managers of the construction industry. The managers then transferred similar amounts to company A.

This is beneficial to both parties as most suspicious (cash) payments are not carried out using bank accounts. By using the same account for financial transactions from various sectors (construction industry / trade) these transactions are more difficult to comprehend and any investigation into the ultimate beneficiaries is made more complex.

To cover up tracks the financial investigations linked to these activities are carried out on transit accounts held by a front company.

CTIF-CFI found that various criminal networks used this method in numerous files reported to the judicial authorities.

Case 2

Offence	Money laundering Illicit trafficking in arms
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	
Jurisdictions involved	Belgium, United Arab Emirates, China, Libya
Disclosing entities	Banks
Warning signals	- Considerable transactions with Dubai - Sensitive sector (arms) - Links to Libya - “OFAC SDN” list

X, of Syrian decent, managed a one-man business, a wholesale business in other consumer goods. Company A from Dubai transferred over EUR 100.000,00 on X's personal account. The reference denoted the sale of bulletproof vests.

The names of X and company A's contact were similar. Because of this similarity X, the beneficiary of the transfer, was probably closely related to the ordering company A.

One month later EUR 100.000,00 was transferred to X's business account from Y's accounts in Switzerland, no reference was provided.

Y was listed on the "OFAC SND" list in connection with Mummar Qadhafi. He allegedly paid for a shipment of military equipment.

Part of the money was changed into USD and more than USD 80.000,00 was transferred from X's business account for a documentary credit, linked with a Chinese company C selling bullet proof vests, among other goods.

The documents submitted to the bank showed that this documentary credit was linked to the sale of 1020 bullet proof vests from C to X.

The transfer from A to X on X's business account was carried out as part of a documentary credit awaiting Y's transfer.

Based on this information we can infer that X purchased at least 1020 bullet proof vests from the Chinese company C and may have subsequently sold them to supporters of Mummar Qadhafi. We also note that the transactions were carried out between September and October 2011, i.e. shortly before Mummar Qadhafi's death on 20/10/2011.

According to its VAT number X's one-man business is a wholesale business in other consumer goods. The transactions conducted on the account as described above do not correspond with this activity though.

Article 10 of the Law of 25 March 2003 on the import, export, and transit of arms, ammunition, and materials specifically intended for military use or law enforcement and associated technology stipulates: "No Belgian citizen or foreign national residing or trading in Belgium may, paid or not, irrespective of the origin and the destination of the goods and irrespective of whether they are on Belgian soil, trade, export, or delivers arms, ammunition or materials specifically intended for military use and associated technology to foreign countries, or intend to do so or act as an intermediary to this end without having a licence issued by the Minister of Justice. This licence can be granted for an indefinite period of time or a specific operation."

The bullet proof vests sold here were clearly intended for military use, so X should have applied for a licence for such transactions.

It should be noted that at the end of February 2011 the United Nations placed an embargo on the sale of arms and material linked to Libya. The transactions mentioned above can therefore be linked to illicit trafficking in arms.

Following the above-mentioned transactions EUR 10.000,00 and EUR 5.000,00 was withdrawn in cash from X's account and the account was used for various credit card payments. These transactions enabled proceeds of illicit arms trafficking to be laundered.

Case 3

Offence	Money laundering Illicit trafficking in diamonds
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	
Jurisdictions involved	Belgium, United Arab Emirates
Disclosing entities	Banks
Warning signals	- Diamond industry

CTIF-CFI simultaneously reported 25 files to the judicial authorities and was able to link these files because of similar transactions and links between individuals. These files featured diamond companies that all held business accounts with the same bank in Belgium.

Analysis of the individuals' accounts showed that traders in diamonds carried out transactions for which they could or would not reveal/identify the beneficial owner and/or present the necessary supporting documents or for which third parties were paid.

In some cases the supporting documents showed that rough diamonds were sold. Such diamonds cannot be traded without a valid Kimberley certificate. The individuals could or would not provide any supporting documents for these transactions, so the origin of these rough diamonds could not be demonstrated.

In a number of files funds from currency exchange offices were internationally transferred to accounts of diamond companies. The ordering party's identity was concealed and was / could not be revealed.

Analysis of the main money flows reveals that the United Arab Emirates is the main supplier to diamond traders in Antwerp.

Several customers and suppliers featured in the files are known to CTIF-CFI in files previously reported to the judicial authorities because of serious indications of laundering the proceeds of illegal trafficking in diamonds.

These elements lead to suspect that these individuals laundered the proceeds of illegal trafficking in goods and merchandise (diamonds) using a construction they had set up.

2.4. Fraud

2.4.1. Statistics

As in previous years fraud remains the most important predicate offence when looking at the number of files reported to the judicial authorities in 2012. The 28% share of files reported for fraud is even higher than last year.

	2010	2011	2012	% 2012
Number of files	306	343	426	28,29
Amounts ⁽¹⁾	33,61	52,80	429,35	19,04

⁽¹⁾ Amounts in million EUR

The total laundered amount in files reported for fraud rose sharply, the amount in excess of EUR 439 million now represents 19% of the total amount of all files reported to the judicial authorities in 2012.

The amount of EUR 429,35 should be put into perspective. In 2012 CTIF-CFI reported a file involving a request to transfer EUR 375 million. This transaction was not carried out as it was suspected to be fraudulent. When leaving aside the amount of EUR 375 million the amended amount related to laundering the proceeds of fraud comes to EUR 54,35 million, a sharp rise compared to 2010.

The reason for fraud being the main predicate money laundering offence in 2012 lies in the development of certain phenomena identified in recent years related to the expansion of the Internet.

The number of reported files has increased from 30 files in 2000 to 87 files in 2004, 172 files in 2007 and exceeds the threshold of 300 files per year in 2010.

A large number of files regarding fraud are linked to various forms of ‘mass marketing fraud’ where means of mass communication simultaneously target a large group of potential victims. Once these potential victims have been found they attempt to make them pay one or several advances, hence the name “advance fee fraud”. Advance fee fraud is a type of fraud where potential victims are targeted using means of mass communication on a large scale. The reasons mentioned to get hold of advances can be quite original, vary greatly and often change. The most common fraud schemes in our files in 2012 were “Nigerian fraud” or “419-fraud”¹³, “date” or “romance scam”¹⁴ and “Sidi Salem” fraud¹⁵.

Mass fraud is clearly not merely an issue in Belgium. In 2012 the Egmont Group also launched a project to map financial flows of international mass fraud. The report, estimated to be published mid 2013, describes indicators of laundering the proceeds of mass fraud and identifies trends and patterns in global financial flows linked to these types of fraud.

In Belgium the “National Coordination Platform against Mass Fraud” was set up in 2010, in which the police, judicial authorities and government bodies cooperate. This was organised by the Directorate-General Control and Mediation of the Federal Public Service Economy, SMEs, self-employed and Energy. CTIF-CFI takes part in meetings and fully supports the coordination platform in its efforts to create one central information point for mass fraud in the future.

CTIF-CFI has also found that in files reported to the judicial authorities in 2012 due to indications of laundering the proceeds of fraud there is often a link with the Internet of some type of cyber crime. Victims of mass fraud are contacted through the Internet but in several files there were also successful attacks on the online banking system using ‘hacking’ or ‘phishing’¹⁶. The victims are usually located abroad and the proceeds are recovered through fraudulent payment orders to Belgian intermediaries or so-called ‘money-mules’¹⁷. One of the results is that the Netherlands and especially Germany feature as a country of origin in the financial flows related to fraud.

¹³ Cf. [glossary](#)

¹⁴ Cf. [glossary](#)

¹⁵ More information on the modus operandi of this type of fraud can be found on CTIF-CFI’s website – section Warnings – www.ctif-cfi.be

¹⁶ Cf. [glossary](#)

¹⁷ Cf. [glossary](#)

In 2012 several files were also reported to the judicial authorities due to indications of laundering the proceeds of fraud by forging paper transfer orders. The transfer orders of Belgian account holders with banks in Luxembourg are forged. Belgian customers send their transfer orders to financial institutions in Luxembourg by post and fraudsters manage to intercept these documents. They subsequently change the beneficiary's (Belgian) account number and then try to withdraw the money in cash or transfer it abroad. The accounts used belong to 'money mules'. In some cases a fake identity was probably used to open the accounts. The files show that the transfer orders are intercepted from postboxes of Luxembourgish banks or when sent prior to delivery at these banks when sent by post. In a number of cases the Belgian bank where the account to which the money was transferred grew suspicious as the transfers from Luxembourg did not correspond to the account holder's profile.

Because of this typology involving fraudulent transfers Luxembourg is one of the main countries of origin in the financial flows related to fraud.

2.4.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2012 related to fraud by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. Most of the files (31,22%) were reported to the Public Prosecutor's Office in Brussels. The highest laundered amounts were reported to the Public Prosecutor's Office in Mechelen (87,63%) and Tongeren.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Mechelen	9	2,11	376,22	87,63
Tongeren	13	3,05	18,44	4,29
Brussels	133	31,22	7,43	1,73
Marche-en-Famenne	2	0,47	4,30	1,00
Antwerpen	46	10,80	4,03	0,94
Gent	18	4,23	3,73	0,87
Tournai	12	2,82	1,92	0,45
Dendermonde	10	2,35	1,81	0,42
Nivelles	8	1,88	1,47	0,34
Oudenaarde	5	1,17	1,37	0,32
Federal Public Prosecutor's Office	21	4,93	1,25	0,29
Charleroi	22	5,16	1,05	0,24
Namur	11	2,58	0,89	0,21
Hasselt	12	2,82	0,77	0,18
Mons	15	3,52	0,76	0,18
Kortrijk	15	3,52	0,73	0,17
Brugge	13	3,05	0,68	0,16
Liège	22	5,16	0,60	0,14
Leuven	8	1,88	0,48	0,11
Turnhout	6	1,41	0,37	0,09
Arlon	7	1,64	0,36	0,08
Eupen	1	0,23	0,26	0,07
Dinant	6	1,41	0,24	0,06
Huy	1	0,23	0,08	0,02
Ieper	3	0,70	0,04	0,01
Verviers	4	0,95	0,03	0,01
Neufchâteau	2	0,47	0,03	0,01
Veurne	1	0,24	0,01	0,01
Total	426	100	429,35	100

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to fraud by Public Prosecutor's Office by judicial follow-up

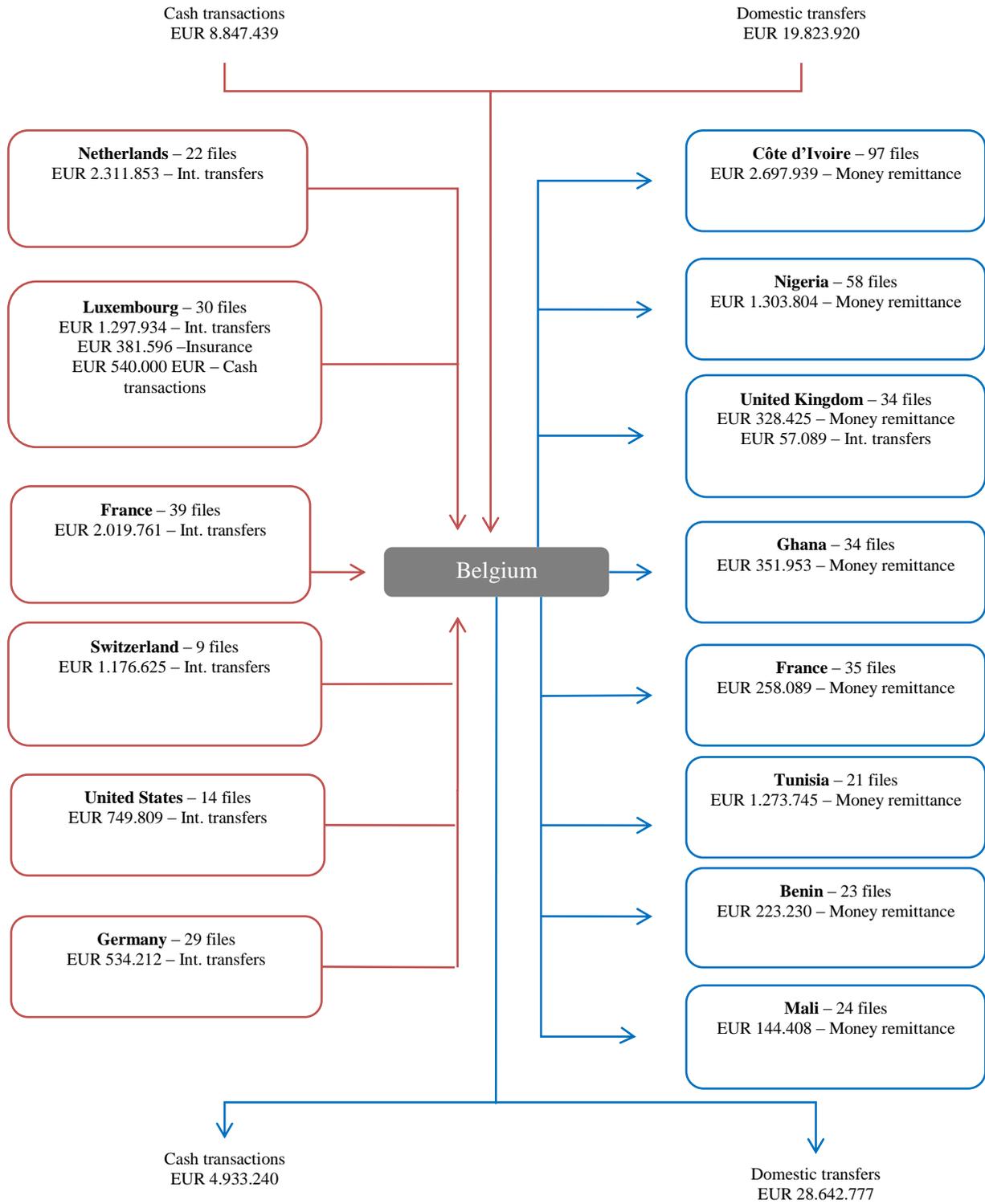
The table below shows that a police investigation is underway in 58,45 % of the reported files and 37,56 % of the files have been dismissed.

	2012	% 2012
Police investigation	249	58,45
Dismissal	160	37,56
Judgement	1	0,23
Judicial investigation	14	3,29
Referral to court	1	0,23
Handed over to foreign judicial authorities	1	0,23
Total	426	100

2.4.3. Financial flows

The importance of files involving mass fraud is also highlighted in the analysis of financial flows. In files related to fraud funds frequently originate from our neighbouring countries as Belgium often acts as an intermediary when money is sent from neighbouring countries to West Africa. Tunisia is also a common country of destination due to the “Sidi Salem” fraud, where wine is sold from Tunisia. In cases involving mass fraud funds are almost exclusively sent and received through money remittance systems.

Diagram – Fraud



2.5. Trafficking in illegal labour

2.5.1. Statistics

In 2012 86 files were reported because of serious indications of trafficking in illegal labour as predicate offence, for a total amount of EUR 45,31 million.

	2010	2011	2012	% 2012
Number of files	187	92	86	5,71
Amounts ⁽¹⁾	33,67	43,57	45,31	2,01

⁽¹⁾ Amounts in million EUR

For several years CTIF-CFI has been reporting files to the judicial authorities related to companies in the construction industry or industrial cleaning. These companies are led by Brazilians or Portuguese and used for trafficking in illegal labour and human trafficking.

By using a fake Portuguese identity or a front man Brazilian “entrepreneurs” took over Belgian companies, often using specialised trusts, at fairly low prices. The corporate goals were changed if necessary to ensure that the activities apply to the construction industry or industrial cleaning. As soon as the required formalities are completed these companies are used to commit fiscal and social fraud. The companies are subsequently declared bankrupt due to their high tax debts. When the liquidation is ordered the person in charge who set up the fraud has disappeared. He is covered by a front man or a fake identity, resigned and sold the company to another Brazilian national shortly before the bankruptcy.

The suspicious transactions in these files are mainly transfers to companies (often with an excellent reputation) in the same sector, followed by cash withdrawals that are theoretically to be used to pay workers illegally working for the company. Given the nationality or the individuals’ origin money is often sent to Brazil or Portugal. This way part of the proceeds of this fraud is sent to the individuals’ country of origin.

In order to protect themselves from checks by social security and police authorities criminals have improved their modus operandi and they now use Portuguese companies that officially use posted personnel.

The most complex modus operandi is described below. Illegal Brazilian workers are recruited in Belgium and then brought to Portugal. In Portugal the illegal workers are registered with the Portuguese Ministry of Finance using a fictitious lease and with assistance from their employer. When registered they obtain a “fiscal card” with their real name. In Belgium the illegal workers, often through a forger linked to their employer, pay for a fake Portuguese residence permit with their real Brazilian name (identical to their passport and Portuguese fiscal card). Subsequently an employment contract is drawn up for each illegal worker by a Portuguese company set up for this purpose. A “Limosa” declaration is also filed. This electronic declaration is required for all foreign workers (employee, self-employed, intern) temporarily working in Belgium or for a Belgium employer. Genuine or forged documents for the posting are also provided. The illegal workers can use these documents to be sent all over Europe to work on building sites.

This is not a purely Belgian matter, but an issue on an international scale¹⁸. Moreover these files do not only involve Brazilians but also feature other nationalities such as Romanian, Bulgarian and Czech nationals.

Apart from posting personnel fraudsters or exploiters also use the pseudo self-employment to cheaply employ workers.

The construction industry and night shops are particularly exposed to this. Thus it seems that Pakistanis running night shops employ bogus self-employed workers who hold no shares (or very few, without having paid for them). These so-called self-employed workers do not have access to the accounts, cannot fix the dates of their leave or their working times, and often sleep in the kitchen behind the shop or in cellars¹⁹.

The transactions conducted in files involving pseudo self-employed workers are often international transfers to bank accounts in Romania, Poland or Bulgaria held by employees “subcontracted” to Belgian shell companies.

2.5.2. Public Prosecutor’s Office

Geographical breakdown of the number of files and the total laundered amount reported in 2012 related to trafficking in illegal labour by Public Prosecutor’s Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor’s Office. CTIF-CFI reported most of the files (67,44%), also representing the highest laundered amount to the Public Prosecutor’s Office in Brussels.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Brussels	58	67,44	23,00	50,76
Turnhout	2	2,33	4,41	9,73
Tongeren	3	3,49	4,13	9,12
Antwerpen	8	9,30	3,48	7,68
Gent	6	6,98	2,91	6,42
Dendermonde	3	3,49	2,36	5,21
Hasselt	2	2,33	2,15	4,74
Namur	1	1,16	2,10	4,63
Charleroi	2	2,33	0,67	1,47
Dinant	1	1,15	0,10	0,24
Total	86	100	45,31	100

⁽¹⁾ Amounts in million EUR

¹⁸ See Tracfin, *Rapport d’activités 2010*; FAG, *Money Laundering Risks Arising from Trafficking of Human Beings and Smuggling of Migrants*, 2011.

¹⁹ Annual Report 2010 – Combating social fraud to prevent trafficking in human beings – Annual Report 2010 – Centre for Equal Opportunities and Opposition to Racism, page 120.

Breakdown of the number of files reported in 2012 related to trafficking in illegal labour by judicial follow-up

The table below shows that a police investigation is underway in 76,75% of the files and 23,25% of the files have been dismissed.

	2012	% 2012
Police investigation	66	76,75
Dismissal	20	23,25
Total	86	100

2.5.3. Financial flows

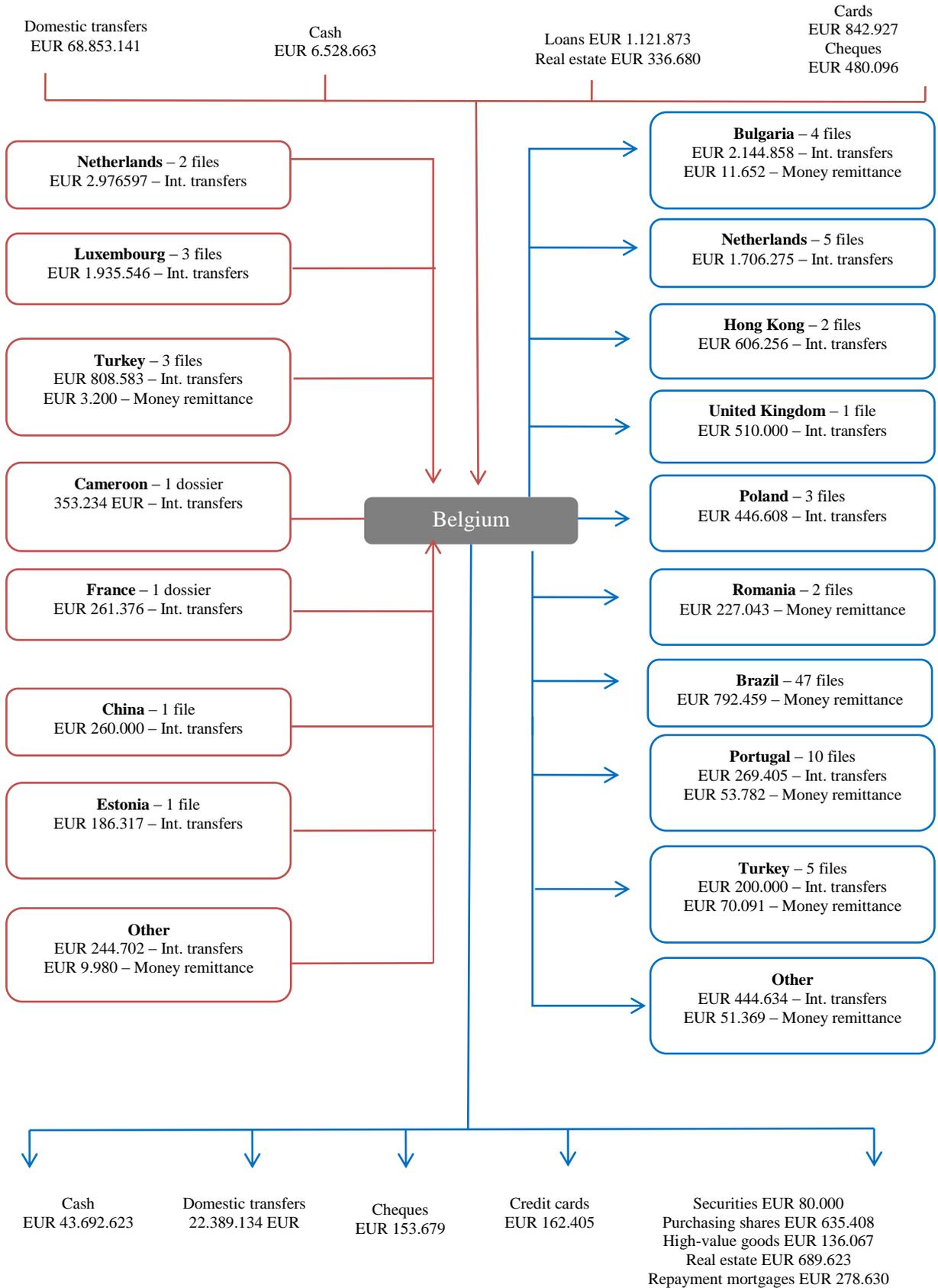
The financial transactions used for fraud related to trafficking in illegal labour are also reflected in the financial flows 2012.

- Domestic transfers are carried out in the construction and industrial cleaning industry, followed by cash withdrawals in files related to Brazilian and Portuguese illegal workers;
- Money remittance to Portugal and Brazil in files involving “Brazilian networks”²⁰;
- Money remittance to countries known to provide illegal workers such as Romania, Bulgaria, Poland, Turkey and Pakistan;
- In the last money laundering stage²¹ the traditional financial system is used. Funds are invested, either directly or by repaying mortgages, in real estate, high-value goods and shares or are used for credit card payments.

²⁰ Cf. [glossary](#)

²¹ Cf. [glossary](#)

Diagram – Trafficking in illegal labour



2.5.4. Case

Offence	Money laundering Misappropriation of corporate assets Trafficking in illegal labour
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits Domestic transfers Cash withdrawals
Jurisdictions involved	Belgium, France, Portugal
Disclosing entities	Banks
Warning signals	- No economic rationale - Large cash transactions - Personal account is used as a transit account - Front man

X's personal current account mainly received transfers from private individuals, with reference to invoices. Often company A was the beneficiary of these transfers. A belonged to Y, X's father. This led to suspect that the son's personal account was used for professional purposes.

The money was withdrawn in cash, used to pay purchases and transferred to various self-employed people in the construction industry. It is difficult to determine how money withdrawn in cash will later be used. The various payments to self-employed people in the construction industry once again led to suspect that X's personal account was used for professional purposes.

X's was not registered as a self-employed person subject to VAT and did not feature in any Belgian companies.

Remarkably Y also held power of attorney on X's personal current account, enabling him to legitimately conduct financial transactions in his son's name. This element once again led to suspect that the son's personal account was used to conduct the father's business activities.

A's articles of association were changed several times. The company's address was changed twice (and was moved back to the old address) and appointing two Portuguese nationals as active partners was particularly striking.

Z, one of the appointed active partners, was also one of the main beneficiaries. He received nearly EUR 100.000,00 on his personal account from personal accounts held by X. Z managed company B. Very few transactions took place on the business account, whereas over 300.000,00 EUR's worth of business was conducted using his personal account. Yet Z was not authorized to carry out business transactions using his personal account as he was not registered as a self-employed person subject to VAT.

Z's personal account also received funds from a French personal account. Z was known to the authorities in France. To the bank he had stated that he was a craftsman, enabling him to carry out financial transactions without arousing suspicion.

The French account received transfers from construction companies. The funds were withdrawn in cash or transferred to accounts held by natural persons in Portugal. The references pointed to 'salaries' and 'payments'. Most of the beneficiaries were active partners of A.

It was suspected that Z was a front man for Y (Y's companies). He was the intermediary and carried out the payments for A's active partners. Transfers took place on A's business account, with reference to invoices, notwithstanding that several paying customers also transferred money to X's personal account.

Moreover Y also ran up debts with the National Office of Social Security of nearly EUR 500.000,00.

2.6. Illicit trafficking in narcotics

2.6.1. Statistics

In 2012 CTIF-CFI reported a similar number of files related to illicit trafficking in narcotics as in 2011. Yet the amounts involved in these files decreased considerably (EUR 12,51 million instead of EUR 24,35 million).

	2010	2011	2012	% 2012
Number of files	138	114	118	7,84
Amounts ⁽¹⁾	10,99	24,35	12,51	0,55

⁽¹⁾ Amounts in million EUR

Since the introduction of the Euro these transactions have become increasingly difficult to detect. The increase in the number of drug traffickers and structured transactions also play an important role.

When CTIF-CFI was created nearly 40% of the files reported to the judicial authorities was related to illicit trafficking in narcotics (285 out of 718 files reported in 2000), nowadays this has dropped to just 7,84 % of the reported files. In terms of reported amounts nearly EUR 92 million worth of suspicious transactions were reported, in 2012 this amount fell to EUR 12,5 million.

Yet it is striking that so few transactions related to this offence are identified as Belgium (together with the Netherlands, Spain and Portugal) is one of the major drug-importing countries. The Belgian Federal Police estimates the annual turnover to be some EUR 450 million²².

This is probably due to the fact that Belgium is just a transit country, and the organisers are usually located abroad, as is the case for other offences.

²² *Nationaal Politieel Veiligheidsbeeld 2011* [National Police Security Image 2011]

2.6.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2012 related to illicit trafficking in narcotics by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total amount of laundering by Public Prosecutor's Office. CTIF-CFI reported most of the files (31,36%), also representing the highest laundered amount, to the Public Prosecutor's Office in Brussels.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Brussels	37	31,36	4,56	36,44
Antwerpen	23	19,49	2,46	19,65
Tongeren	9	7,63	1,48	11,80
Brugge	3	2,54	1,00	8,03
Liège	6	5,08	0,60	4,77
Gent	10	8,47	0,55	4,42
Turnhout	3	2,54	0,38	3,05
Mechelen	4	3,40	0,29	2,34
Hasselt	3	2,54	0,25	2,02
Tournai	1	0,85	0,20	1,56
Charleroi	5	4,24	0,17	1,38
Namur	2	1,69	0,14	1,12
Federal Public Prosecutor's Office	2	1,69	0,11	0,89
Arlon	3	2,54	0,11	0,88
Veurne	1	0,85	0,05	0,41
Mons	1	0,85	0,04	0,34
Oudenaarde	1	0,85	0,04	0,31
Kortrijk	1	0,85	0,03	0,27
Dendermonde	2	1,69	0,03	0,24
Verviers	1	0,85	0,02	0,08
Total	118	100	12,51	100

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to illicit trafficking in narcotics by judicial follow-up

The table below shows that 51,69 % of the files have been dismissed and a police investigation is underway in 42,37 % of the files.

	2012	% 2012
Dismissal	61	51,69
Police investigation	50	42,37
Judicial investigation	2	1,69
Handed over to foreign judicial authorities	1	0,87
Referral to court	2	1,69
Judgment	2	1,69
Total	118	100

2.6.3. Financial flows

As in 2011 cash is commonly used in the files reported to the judicial authorities for illicit trafficking in narcotics.

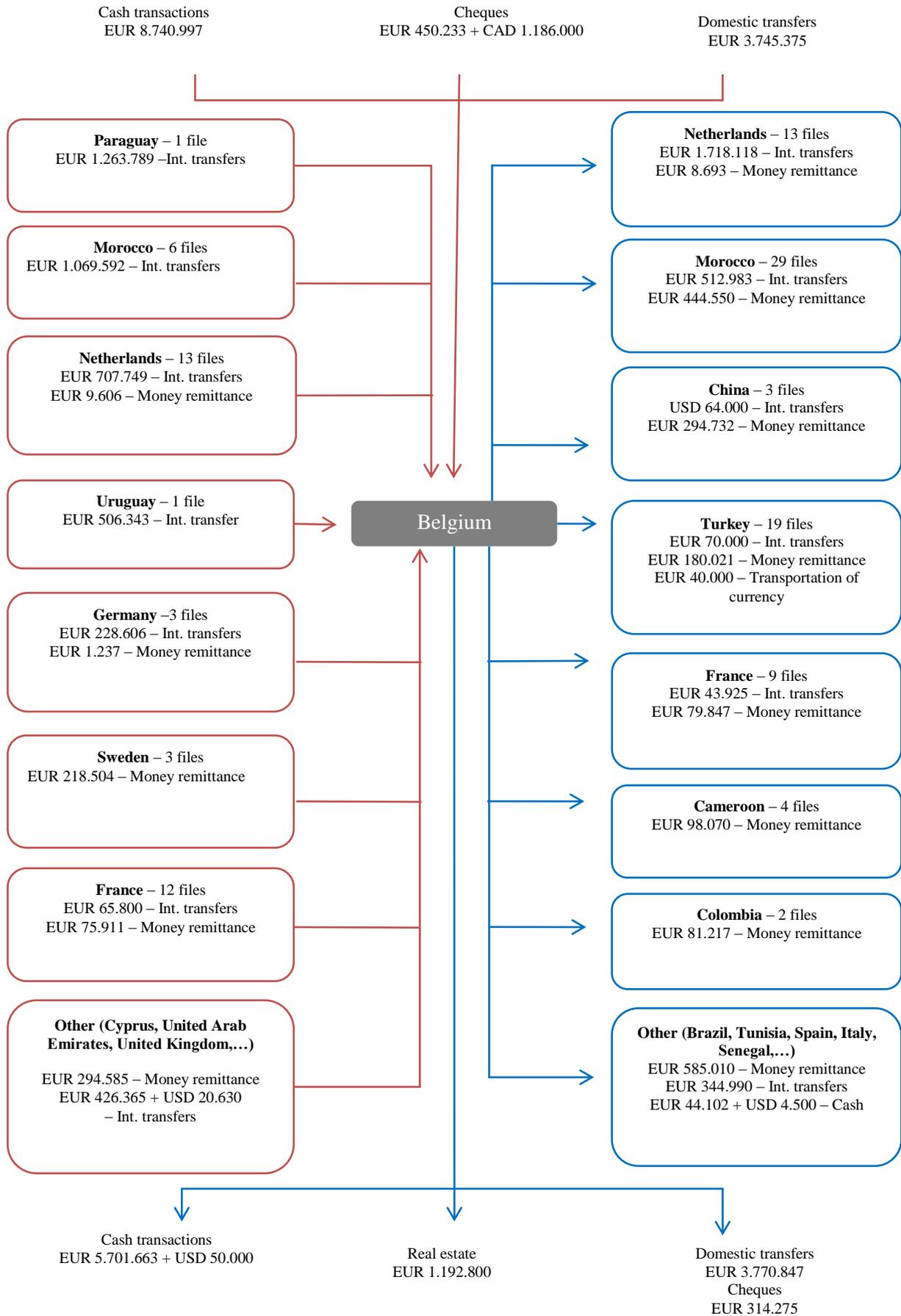
Belgium remains a major country of origin and destination for this cash.

Looking at the incoming international flows the largest amounts come from Paraguay, Morocco, the Netherlands, Uruguay and Germany. It should be noted that funds from Panama only featured in one file and is mentioned due to the amount rather than frequency.

Looking at the outgoing international financial flows most international transfers are conducted through the Netherlands, Morocco, China and Turkey.

Other striking features of these files include the use of legitimate structures generating a lot of cash (garage, night shop,...) to launder the proceeds of illicit trafficking in narcotics as well as the involvement of foreign nationals carrying out transactions in Belgium without conducting any economic activity or residing in Belgium.

Diagram – Illicit trafficking in narcotics



2.6.4. Case

Offence	Money laundering Illicit trafficking in narcotics
Parties involved	Natural persons
Sectors involved	Banks
Channels used	Cash deposits Domestic transfers Cashing cheques Investment in real estate
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- No economic rationale - Large cash transactions - Real estate investments

Large cash transactions took place on X's account, a Belgian resident. The references often pointed to the payment of rent. X did not feature in any Belgian companies and did not have a steady income. Nor did X provide any supporting documents in relation to the origin of the funds.

X owned several properties. According to the land registry he had frequently invested in apartments, houses and businesses these past five years. The total purchase price for all these building was nearly EUR 800.000,00. The properties were paid using cheques from his accounts. X claimed to buy and sell real estate, even though he was not registered with the Belgian professional association of estate agents.

X's properties were let to several people, including family members. The accounts' financial analysis showed that the rent was paid by bank transfer or in cash. It is difficult to determine how money withdrawn in cash will later be used, however. Moreover, these financial transactions were conducted using X's personal accounts and accounts held by family members.

Police information revealed that several of X's relatives were known to the police for drug offences. A number of X's tenants were also known for drug offences.

Given the elements described above it is probable that these funds were not only rental income but also proceeds of illegal trafficking in narcotics, also taking into account the amounts involved and the regularity. The origin of a total amount of nearly EUR 200.000,00 is questionable. Afterwards these funds were invested in real estate, enabling funds of illegal origin to be mixed with legitimate rental income.

2.7. Organised crime

2.7.1. Statistics

In 2012 CTIF-CFI reported more than twice as many files related to organised crime as in 2011. The amounts remained stable in 2011 but increased sharply in 2012.

	2010	2011	2012	% 2012
Number of files	46	43	87	5,78
Amounts ⁽¹⁾	23,54	23,28	1.048,60	46,50

⁽¹⁾ Amounts in million EUR

This sharp rise in the number of files and corresponding amounts is the result of various files linked to money laundering transactions using the gold sector being reported to the judicial authorities (cf. [2.7.4.](#) below).

The price of this precious metal on international markets makes gold an interesting commodity for traders (wholesale buyers) as well as for criminals.

The price of gold, as well as copper, has increased steadily since 2008. This increase is the result of a growing demand for gold on the international market, following the uncertain economic situation in the United States and Europe and the increasing demand for gold to manufacture luxury products such as jewellery in China and India.

Wholesalers buying gold from private individuals looking for cash has become a common phenomenon these days. Internet research shows there are plenty of wholesale buyers of old gold. Large companies established in Belgium melt and reuse this gold, which is then resold to financial institutions or other important customers looking for investments.

In times of financial crisis precious metals are interesting and fairly safe investments.

The FATF has warned the financial sector for several years now that gold could be used for money laundering or terrorist financing purposes²³.

CTIF-CFI came to the same finding in 2012 and reported eight files with the same modus operandi.

It should be noted, however, that in these files the transactions were conducted when the price of gold was still high.

In 2012 CTIF-CFI reported a large number of files to the judicial authorities related to trade in gold, for a total amount of EUR 1 billion.

The modus operandi in these files is as follows:

- when companies that “recycle” precious metals purchase gold large sums of cash are withdrawn (totalling to almost EUR 1 billion);
- transfers are carried out to merchants that sell old jewellery and gold coins and later resell them to these companies;
- the accounts of these merchants and traders are also used to withdraw large amount in cash;

²³ FATF Report on money laundering typologies (1997-1998) – FATF Report on money laundering typologies (2002-2003) – FATF Report on money laundering and terrorist financing typologies (10/06/2005) – www.fatf-gafi.org

- cash can be used anonymously, facilitating the money laundering process and the process of reselling jewellery;
- gold and silver, in jewellery, bars or coins can be transferred from one country to the next, they are anonymous and can therefore be easily transferred;

Some smelters or wholesalers injected large amounts of money (hundreds of millions EUR) in large denominations. This entailed the risk that these large denominations would be exchanged for EUR 10, 20 or 50 notes to launder the proceeds of various types of illegal trafficking (narcotics,...).

So this activity also involves a higher risk of money laundering.

In some files involving transactions related to gold trade CTIF-CFI believed there were more serious indications of laundering the proceeds of serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension.

The increase in the number of files and laundered amounts can also be found in files related to serious and organised fiscal fraud (cf. [2.1.1.](#) above).

2.7.2. Public Prosecutor's Office

Geographical breakdown of the number of files reported in 2012 related to organised crime by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported most of the files (27,59%), also representing the highest laundered amount, to the Public Prosecutor's Office in Brussels.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Brussels	24	27,59	889,15	84,79
Antwerpen	13	14,94	148,42	14,15
Federal Public Prosecutor's Office	22	25,29	4,26	0,41
Liège	5	5,75	3,57	0,34
Gent	3	3,45	1,00	0,10
Charleroi	6	6,90	0,91	0,09
Mons	5	5,75	0,40	0,04
Ieper	1	1,15	0,39	0,04
Brugge	2	2,29	0,15	0,01
Oudenaarde	1	1,15	0,12	0,01
Verviers	1	1,15	0,08	0,01
Namur	2	2,29	0,08	0,01
Kortrijk	1	1,15	0,03	-
Turnhout	1	1,15	0,03	-
Total	87	100	1.048,60	100

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to organised crime by judicial follow-up

The table below shows that a police investigation is underway in 78,16 % of the reported files and 17,24 % of the files have been dismissed.

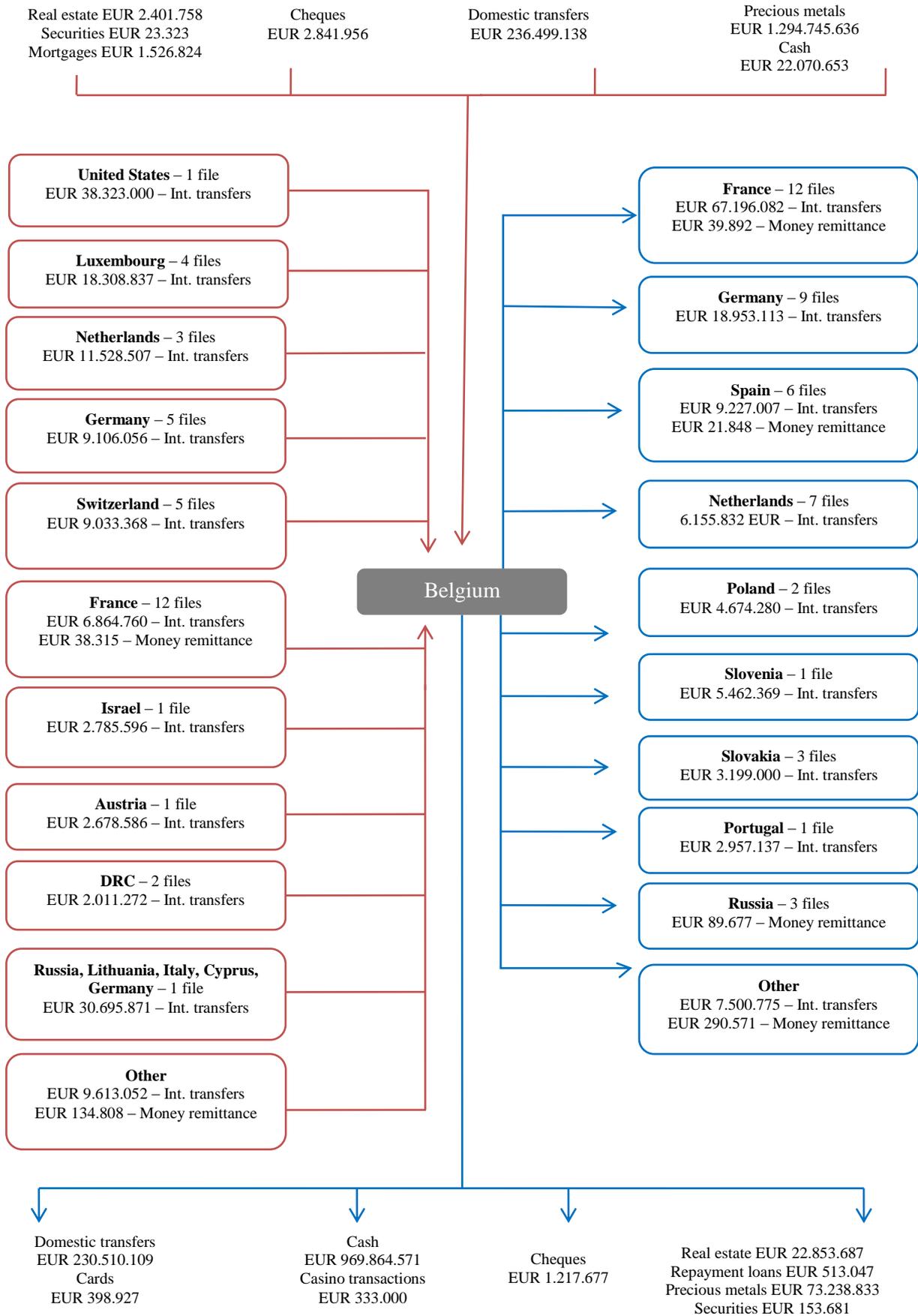
	2012	% 2012
Police investigation	68	78,16
Dismissal	15	17,24
Judicial investigation	4	4,60
Total	87	100

2.7.3. Financial flows

Analysis of the financial flows related to organised crime confirms the modus operandi described above:

- the incoming financial flows mainly relate to the sale of precious metals (primarily gold), for a total amount of EUR 1,3 billion;
- the outgoing flows are mainly cash withdrawals, for a total amount of almost EUR 1 billion. As stated above this cash was presumably used to purchase gold;
- the individuals' accounts in Belgium are also used to conduct domestic transfers for some EUR 250 million used to pay for gold using domestic transfers instead of cash;
- significant international transfers to the United States for a total amount of EUR 38 million in one single file. These transactions were carried out to sell gold, most probably to American companies in the same sector;
- as to international transfers Belgium's neighbouring countries (the Netherlands, France, Luxembourg, Germany), Portugal and Spain are the countries that most often feature in the financial flows;
- Investments in real estate (integration stage of money laundering) are commonly used to launder proceeds of organised crime. Over EUR 22 million was invested in real estate (more than 75% of this amount in one file);
- Some European countries are mainly used to receive funds from opaque financial centres. These transit countries are sometimes used as an intermediary in legal constructions with beneficial owners in these financial centres. In one case funds from Luxembourg are subsequently invested in real estate, for a total amount of nearly EUR 18 million.

Diagram – Organised crime



2.7.4. Case

Offence	Money laundering Organised crime Misappropriation of corporate assets
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits Cash withdrawals Selling gold
Jurisdictions involved	Belgium
Disclosing entities	Bank
Warning signals	- Sensitive sector (precious metals) - Large cash transactions

A, a wholesaler in precious metals, held various bank accounts in Belgium. Analysis of these accounts showed that A mostly paid suppliers of precious metals in cash. Over the period of one year a total amount in excess of EUR 800 million was withdrawn in cash. The account mainly received payments through a Belgian bank for purchases of precious metals.

B, a trader in old gold, supplies old gold to A and pays him in cash. As requested by his customers B also paid them in cash. In the financial records B recorded the supplying companies as private individuals, without any form of identification. B is said to be a cover for X's illegal activities, i.e. laundering proceeds of crime by exchanging money.

A was known to the police for money laundering. Its customers are said to be mainly shops selling gold in Antwerp, private individuals and intermediaries that were all recorded as "private individuals" in the accounts. A did not ask them for any identification nor did he inquire into the origin of this gold. Much of this gold is said to come from the black market (jewellery theft) as well as from criminal organisations linked to prostitution and drugs. A paid the gold in cash, even amounts over EUR 15.000,00. Larger quantities of gold were split up so the price would never be more than EUR 15.000,00.

Apart from B more of B's suppliers were known to the police.

This leads to suspect that A was used to launder criminal proceeds. Providing anonymity and cash payments attract customers from a criminal environment, which could explain the increase in turnover.

2.8. Trafficking in human beings

2.8.1. Statistics

In 2012 CTIF-CFI reported a similar number of files related to trafficking in human beings than in 2010. The amounts involved in these files are on the rise compared to 2011, yet they only represent 0,73 % of the total laundered amount in 2012.

	2010	2011	2012	% 2012
Number of files	53	70	54	3,59
Amounts ⁽¹⁾	6,50	12,12	16,43	0,73

⁽¹⁾ Amounts in million EUR

Trafficking in human beings is a very profitable activity and entails few risks for criminals, who usually hide behind front men or in their country of origin, where they get some kind of “protection”. They take advantage of victims’ precarious situation, even though this is now often a win-win situation” for criminals as well as victims.

The Belgian Federal Police²⁴ estimate the proceeds of trafficking in human beings to amount to nearly EUR 1 billion per year. The amounts identified by CTIF-CFI are just a small share of the proceeds of these illegal activities.

Criminal networks have now become increasingly complex and have improved their organisations, especially in Western countries joining forces to combat these networks. It is becoming increasingly difficult to identify financial flows related to trafficking in human beings, especially as large part of the proceeds is transported in cash, either by people traffickers or victims themselves, or by couriers recruited to this end.

2.8.2. Public Prosecutor’s Office

Breakdown of the number of files and total laundered amount reported in 2012 related to trafficking in human beings by judicial follow-up

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor’s Office. CTIF-CFI reported most of the files (25,93%), also representing the highest laundered amount (57,50%), to the Public Prosecutor’s Office in Brussels.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Brussels	14	25,93	9,45	57,50
Antwerpen	9	16,67	2,72	16,55
Gent	5	9,26	1,56	9,49
Hasselt	2	3,70	1,12	6,81
Liège	7	12,96	0,44	2,67
Tongeren	2	3,70	0,27	1,62
Brugge	5	9,27	0,21	1,30
Nivelles	1	1,85	0,12	0,71
Kortrijk	1	1,85	0,12	0,71
Mechelen	1	1,85	0,10	0,63
Turnhout	2	3,71	0,10	0,58
Verviers	1	1,85	0,08	0,48
Veurne	1	1,85	0,06	0,42
Federal Public Prosecutor’s Office	1	1,85	0,03	0,27
Mons	1	1,85	0,03	0,17
Charleroi	1	1,85	0,02	0,09
Total	54	100	16,43	100

⁽¹⁾ Amounts in million EUR

²⁴ *Nationaal Politieel Veiligheidsbeeld 2011* [National Police Security Image 2011]

Breakdown of the number of files reported in 2012 related to trafficking in human beings by judicial follow-up

The table below shows that a police investigation is underway in 66,66 % of the reported files and 25,93 % of the files have been dismissed.

	2012	% 2012
Police investigation	36	66,66
Dismissal	14	25,93
Judicial investigation	4	7,41
Total	54	100

2.8.3. Financial flows

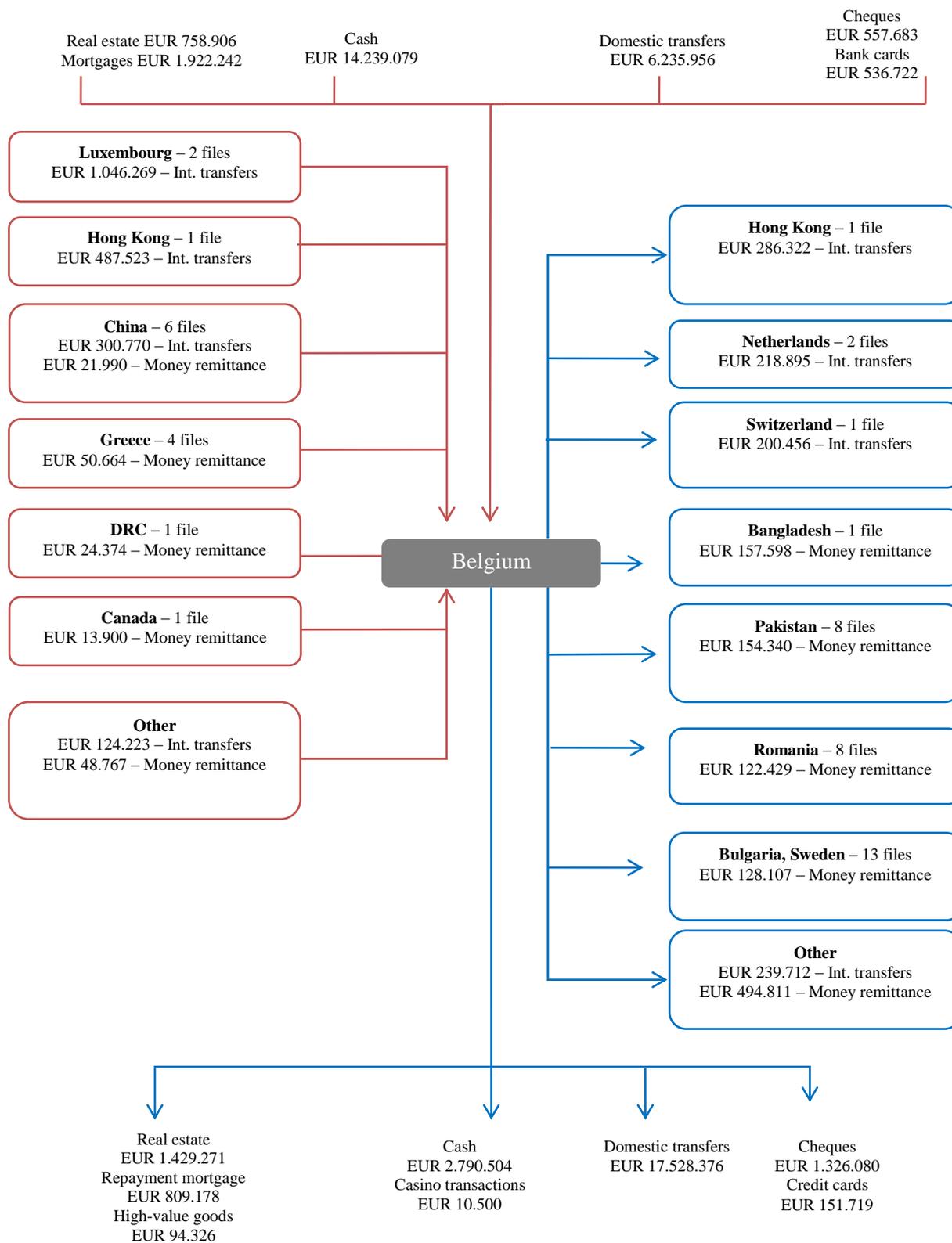
The main features of the financial flows related to trafficking in human beings in 2012 are:

- importance of cash (deposits and withdrawals) and payments using bank cards and domestic transfers;
- as for the files related to trafficking in and exploitation of illegal labour money is sent to countries known to be suppliers of illegal labour, such as Bulgaria, Romania and Pakistan.

Bulgarian and Romanian networks, as well as Albanian and Thai networks, are established in Belgium exploiting prostitutes. They are quite professional and stay in touch with their clans and leaders in their country of origin²⁵.

²⁵ *Nationaal Politieel Veiligheidsbeeld 2011* [National Police Security Image 2011]

Diagram – Trafficking in human beings



2.8.4. Case

Offence	Money laundering Trafficking in human beings
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits Domestic transfers Cash withdrawals Mortgages
Jurisdictions involved	Belgium
Disclosing entities	Bank
Warning signals	- No economic rationale - Investments in real estate

The brothers X, Y and Z own several properties. The total purchasing price was nearly EUR 500.000,00 and was paid with cheques written out based on mortgages. They are said to let out these properties.

Cash was often deposited on X, Y and Z's accounts. The fact that there were hardly any transfers from tenants leads to suspect that rent was deposited in cash. The funds were used to invest in real estate.

According to police information they were known to be slum landlords and to have assisted a foreign national illegally residing in Belgium.

These funds were suspected to mainly originate from tenants illegally residing in Belgium or exploited by the brothers.

The money was then reinvested in real estate, making it a self-sufficient system as newly acquired properties generate new rental income.

Slum landlords rent houses to people in need of accommodation, such as people residing here illegally. The cash deposits reinforce the suspicion that slum landlords also owned this property.

2.9. Terrorism, terrorist financing, including proliferation financing

2.9.1. Statistics

In 2012 CTIF-CFI reported 20 files to the judicial authorities related to serious indications of terrorism financing, for a total amount of EUR 1,9 million. These figures are similar to previous years and the share of 1,3 % of files reported for terrorist financing and only 0,08% of the total reported amount is very small. However absolute figures are not a good indicator of the risks terrorism financing or proliferation entail for society. Files related to terrorism financing are generally more difficult to detect and CTIF-CFI's many efforts to identify mechanisms of terrorist financing or proliferation of weapons of mass destruction are not always reflected in these offences' statistics.

Breakdown of the number of files and the total amount of money laundering or terrorist financing per year

	2010	2011	2012	% 2012
Number – terrorism	4	1	1	0,07
Number – terrorist financing ⁽¹⁾	15	21	19	1,26
Amount – terrorism	0,16	0,04	0,04	-
Amount – terrorist financing ⁽¹⁾	6,13	1,93	1,86	0,08

⁽¹⁾ including proliferation financing – amounts in million EUR

CTIF-CFI closely cooperates with partner bodies such as the police, the Federal Public Prosecutor's Office, Coordination Organ for Threat Analysis (OCAM-OCAD), General Intelligence and Security Service of the Armed Forces (SGRS-ADIV) on preventing terrorism and proliferation. To gain insight into international terrorism networks it is vital to combine intelligence from various sources. Financial information available to CTIF-CFI in files related to terrorism is linked to information from police and intelligence services in order to obtain a coherent analysis. To this end CTIF-CFI improved cooperation with the Coordination Organ for Threat Analysis (OCAM-OCAD), General Intelligence and Security Service of the Armed Forces (SGRS-ADIV). The programme law of 29 March 2012 amended article 33 of the Law of 11 January 1993, and as a result intelligence services are now also disclosing entities just like banks and currency exchange offices. Based on information received from disclosing entities CTIF-CFI can use all of its powers and add financial data to the information provided. In case of serious indications of terrorism financing the file is reported to the Federal Public Prosecutor's Office. This mechanism further enhanced information exchange regarding terrorist financing between all departments involved.

2.9.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2012 related to terrorism or terrorist financing by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total amount of laundering/terrorist financing by Public Prosecutor's Office. CTIF-CFI reported most of the files (70 %) to the Federal Public Prosecutor's Office.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount%
Federal Public Prosecutor's Office	14	70,00	1,26	66,31
Tongeren	1	5,00	0,27	14,06
Verviers	1	5,00	0,17	9,09
Arlon	1	5,00	0,12	6,12
Brussels	2	10,00	0,06	3,03
Charleroi	1	5,00	0,02	1,39
Total	22	100	1,90	100

⁽¹⁾ Amounts in million EUR

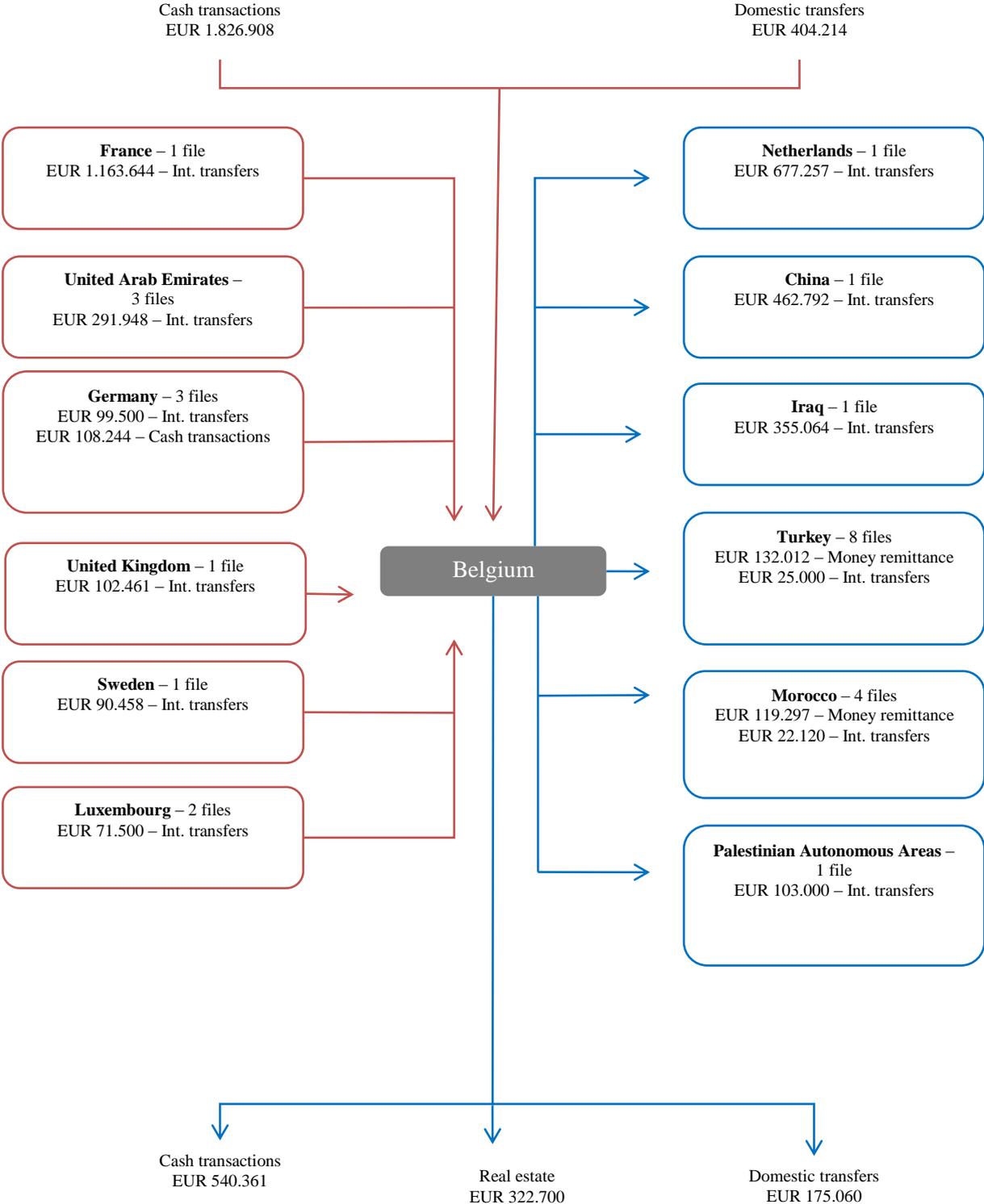
Breakdown of the number of files reported in 2012 related to terrorism and terrorist financing, including proliferation financing by judicial follow-up

The table below shows that a police investigation is underway in 85% of the reported files.

	2012	% 2012
Police investigation	17	85,00
Dismissal	3	15,00
Total	20	100

2.9.3. Financial flows

Diagram – Terrorism and terrorism financing



2.9.4. Cases

Case 1

Offence	Terrorist financing
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cross-border transportation of currency Cash deposits Cash withdrawals Domestic transfers
Jurisdictions involved	Belgium, France, Switzerland
Disclosing entities	Banks
Warning signals	- No economic rationale - Large cash deposits - Cross-border transportation of currency

French customs officials found EUR 20.000,00 EUR in cash in X's vehicle. He failed to declare this currency when entering France from Switzerland.

X held bank accounts in Belgium with various financial institutions. Analysis of these accounts showed that he held significant assets and that large amounts of cash were deposited on these accounts. It is remarkable that X also got unemployment benefits. The funds were used to conduct transfers to Z.

When stopped by customs X was accompanied by Y, who claimed to hold an account in Switzerland with a balance of over EUR 1 million.

Like X Y and Z also got unemployment benefits. Cash was also deposited on Y's personal account. More than EUR 10.000,00 was withdrawn in cash.

According to police information Y and Z are members of an extremist anarchist group linked with people known for terrorist acts.

Given the nature of the assets, the fact that X was accompanied by Y and Y and Z's ideological background it is possible that at least part of this cash will ultimately be used to finance the illegal activities mentioned above.

Case 2

Offence	Money laundering Organised crime Terrorist financing
Parties involved	Natural persons
Sectors involved	Banks, foreign exchange offices
Channels used	
Jurisdictions involved	Belgium, Russia
Disclosing entities	Banks
Warning signals	- No economic rationale - Large cash deposits

X's accounts were used for cash deposits. He also received various transfers from people with Russian-sounding names. X himself transferred nearly EUR 7.000,00 to Y. X also sent money to beneficiaries in Russia, as well as in Poland and France.

A total amount of nearly EUR 165.000,00 EUR was deposited in cash and over EUR 100.000,00 was withdrawn in cash. His unemployment benefits were paid on this account and received transfers from people with Russian-sounding names. Sometimes the same reference was used for these transfers as for the transfers on X's account.

X and Y feature in a file in which individuals of Chechen origin extort restaurants and people of Russian origin, or kidnap children for ransom.

W and Z, members of the group of Chechens, also sent more than EUR 20.000,00 and EUR 60.000,00 to various beneficiaries, mainly in Russia (especially Chechnya)

This leads to suspect that these transactions were part of X's and the other members of the group of Chechens' criminal activities. The transfers from the Russians, as well as the cash deposits, were probably payments for extortion or kidnapping.

X and other members of the criminal gang transferred money to beneficiaries in Russia. Given the contacts with Chechen rebel leaders and Islamic fundamentalists these were probably transfers to Chechen rebels who used the money to finance their combat. This leads to suspect that these funds are the proceeds of organised crime.

Case 3

Offence	Terrorist financing
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cross-border transportation of currency Cash deposits Domestic transfers International transfers Cash withdrawals
Jurisdictions involved	Belgium, Germany, Burkina Faso, Togo, Mali, Benin, Burundi, Zimbabwe
Disclosing entities	Banks
Warning signals	- Cross-border transportation of currency - Sensitive countries

Over a period of three consecutive days X, Y and Z declared a total amount of some EUR 90.000,00 in cash to customs officials at the airport in Zaventem.

The funds are said to originate from NPO A from Germany as part of humanitarian aid in Burundi, Benin and Zimbabwe. The three couriers are all Belgian nationals and have been living in Belgium for a long time.

Accounts were held by X, Y and Z. Money was transferred to these accounts from a Belgian coordinating body of a radical Islamic organisation. Over a period of one year a total amount of nearly EUR 20.000,00 was withdrawn in cash. Some EUR 10.000,00 was transferred to Turkey.

According to the German FIU NPO A was one of the largest Islamic organisations in Germany. NPO A is said to be linked with NPO B, which had been banned in Germany for allegedly supporting a terrorist organisation. All of B's board members also played a major role in A.

According to information from the Belgian intelligence services X, Y and Z are known to be involved in local branches of a radical Islamic organisation.

Given the nature of the transactions and the NPO A’s potential links with the banned NPO B and its links with a terrorist organisation it is possible that at least part of the funds described above could have been used to support terrorist activities.

After reporting this file to the judicial authorities CTIF-CFI received several new disclosures featuring new individuals, especially Belgians. The transactions were similar to the ones carried out by X, Y and Z. NPO A raised funds that were subsequently sent to various African countries, including Burkina Faso, Togo and Mali. When declaring the transport of currency to customs they mentioned that the funds were aimed at supporting Islamic organisations.

Given the conflicts in these African regions the individuals involved in this file could have been used as cash couriers to financially support terrorist activities.

2.10. Corruption and politically exposed persons

2.10.1. Statistics

More money laundering transactions related to corruption have been identified in recent years as a result of the FATF’s efforts raising awareness in the world of finance to tackle this offence and also as a result of the Arab Spring. In 2009 the number of reported files was not that significant (4 out of a total of 1.020 files reported to the judicial authorities). Following the Arab Spring in 2011 the number of suspicious transactions identified by the financial sector and reported by CTIF-CFI rose considerably, in terms of the number of files as well as the amounts. There is sharp increase in the reported amounts, due to a reported file involving an amount of EUR 60 million (see [2.10.4](#) below).

	2010	2011	2012	% 2012
Number of files	12	23	15	1,00
Amounts ⁽¹⁾	8,52	23,35	84,32	3,74

⁽¹⁾ Amounts in million EUR

2.10.2. Public Prosecutor’s Office

Geographical breakdown of the number of files and the total laundered amount reported in 2012 related to embezzlement by public officials and corruption by Public Prosecutor’s Office

The table below provides a breakdown of the number of files and the total amount of laundering by Public Prosecutor’s Office. CTIF-CFI reported most of the files (46,66 %) to the Federal Public Prosecutor’s Office. The largest laundered amounts were reported to the Federal Public Prosecutor’s Office and the Public Prosecutor’s Office of Antwerpen.

	Total number 2012	Total number %	Total amount 2012⁽¹⁾	Total amount %
Federal Public Prosecutor's Office	1	6,67	60,00	71,16
Antwerpen	1	6,67	15,87	18,82
Brussels	7	46,66	3,58	4,25
Namur	1	6,67	2,80	3,32
Liège	1	6,67	0,95	1,13
Charleroi	2	13,32	0,82	0,98
Gent	1	6,67	0,27	0,32
Leuven	1	6,67	0,03	0,03
Total	15	100	84,32	100

⁽¹⁾ Amounts in million EUR

Breakdown of the number of files reported in 2012 related to embezzlement by public officials and corruption by judicial follow up

The table below shows that a police investigation is underway in 66,67 % of the reported files and 26,67 % of the files have been dismissed.

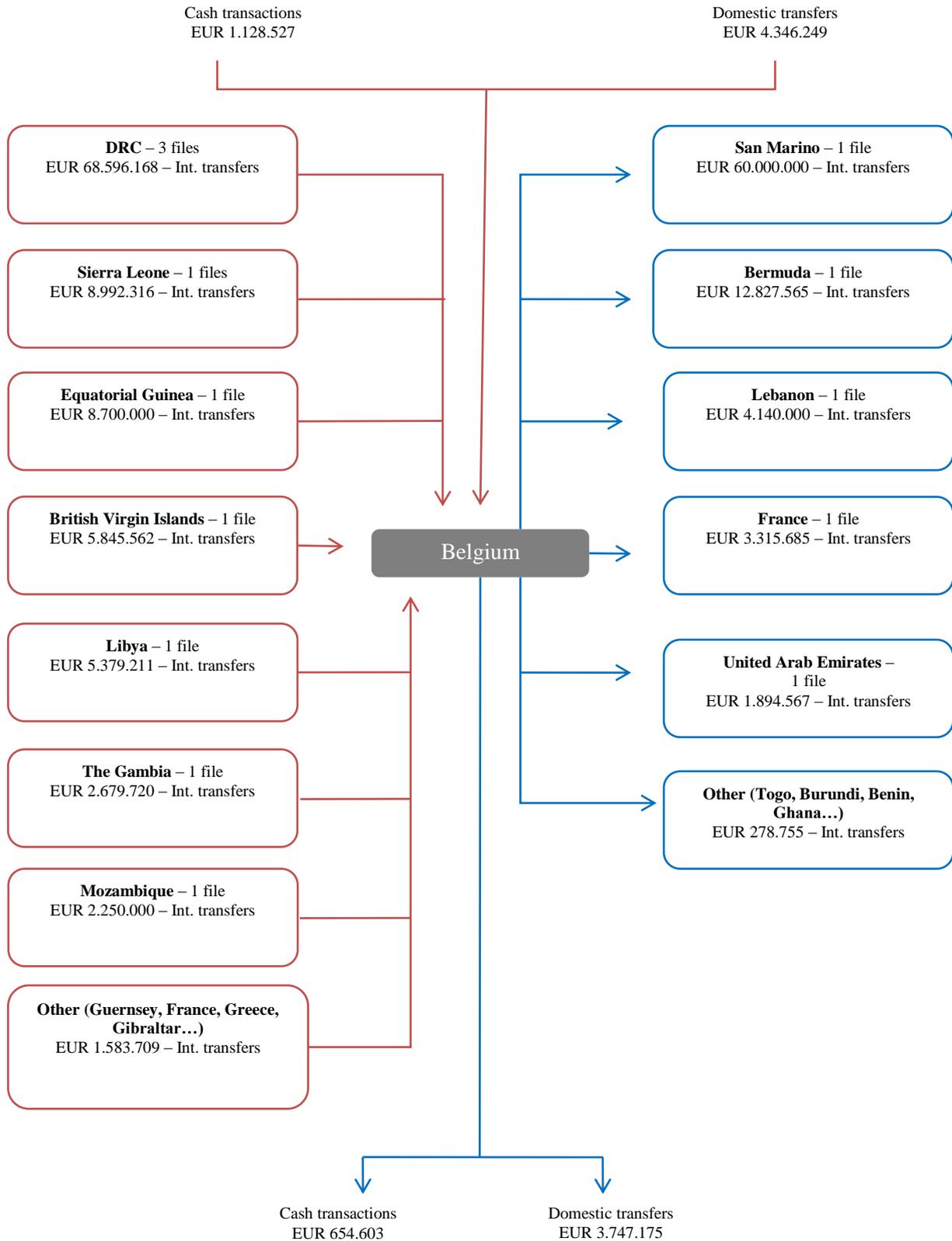
	2012	% 2012
Police investigation	10	66,67
Dismissal	4	26,67
Handed over to foreign judicial authorities	1	6,66
Total	15	100

2.10.3. Financial flows

Some features of money laundering transactions related to corruption:

- transactions are usually conducted through the banking system;
- a succession of transactions is carried out: international transfers, mainly from African countries, followed by international transfers, mostly to opaque financial centres;
- Belgium is used as a transit country, the accounts in Belgium are only used for money laundering purposes;
- non-financial professionals are used as third-party business introducers;
- third parties (relatives, associates) are used in files related to politically exposed persons.

Diagram – Corruption



2.10.4. Case

Offence	Money laundering Corruption Embezzlement by persons in public office
Parties involved	Natural persons (including politically exposed persons)
Sectors involved	Banks
Channels used	International transfers
Jurisdictions involved	Belgium, Switzerland, San Marino, France, United Arab Emirates
Disclosing entities	Banks
Warning signals	- Politically exposed persons - Offshore centres - Very large amounts (over EUR 60 million) - Front companies

In 2005 the French national X, who resided in Switzerland, opened some thirty accounts with a financial institution in San Marino on behalf of politically exposed persons from Africa and politically exposed persons from Africa as ultimate beneficiaries.

The African company A transferred large amounts of money to these accounts. Prior to these transfers the money was moved to accounts that X had opened with the same financial institution in San Marino on behalf of various front companies in offshore centres.

Some of company A's funds were transferred through the same offshore companies to beneficiaries in France, as well as Belgium and the United Arab Emirates to be used for real estate investments, mainly in France.

Setting up such a structure is suspicious, possibly aimed at concealing the origin and the destination of the funds.

Given the origin of the funds, mainly from company A, an administrative and technical institution in charge of signing and implementing public contracts and the delegation of a public service in an African country, given the substantial financial flows (in excess of EUR 60 million between 2005 and 2011) and given the profile of the people for whom the transactions were mainly carried out (politically exposed persons or their relatives) we can infer that these transactions used money that was illegally obtained by African dignitaries (embezzlement of government funds or corruption).

X submitted contracts and other fraudulent documents in an attempt to legitimise the origin of the funds.

Police information showed that a judicial investigation was underway in France regarding illegally obtained goods by African presidents in order to determine how these heads of state had acquired a large number of properties in France. They allegedly purchased numerous apartments and mansions in Paris or the Paris region using embezzled government funds.

Based on this information some transactions in the files were part of this investigation.

The transfers to France, Belgium, the United Arab Emirates to invest in real estate were part of the integration stage of the money laundering process.

3. Judicial follow-up

At the end of 2011 CTIF-CFI was informed that suspicious transaction were carried out on the accounts of two companies in Brussels with the same individuals holding power of attorney, a Belgian and a foreign national. One of the companies provided Internet services.

One of the individuals holding power of attorney repeatedly withdrew thousands of EUR in cash (EUR 400.000 in 2010 and EUR 152.700 in 2011) and this raised suspicions.

The remaining transactions on the accounts were seemingly related to the companies' commercial activities.

The cash withdrawals did not correspond to the usual transactions on these accounts.

The individual who held power of attorney and withdrew the cash repeatedly stated that he was not aware of the destination of the funds.

Following analysis CTIF-CFI identified sufficient serious money laundering indications and reported this file to the judicial authorities for laundering the proceeds of misappropriation of corporate assets.

The companies had substantial short-term debts and barely had any equity capital.

Any misappropriation of corporate assets immediately also influenced their financial situation, to the detriment of their creditors.

The judicial investigation by the Belgian federal police showed that the individual who held power of attorney and withdrew the cash was a front man and the second individual was the beneficial owner of the companies. The money withdrawn in cash by the first individual was immediately handed over to this beneficial owner. Attempts were made to legitimatise the cash withdrawals by submitting fake invoices.

After a first analysis of the document house searches were conducted. EUR 410.000 in cash and jewellery was seized from a safe.

The investigation also showed that this modus operandi had been used since 2009 and assets worth in excess of EUR 730.000 had been withdrawn from these two companies.

To eliminate the difference between the cash seized during the investigation and the total amount of assets withdrawn from the company a flat owned by the main suspect was put up for sale.

The tax authorities were informed and both companies were subject to a tax reassessment.

The information reported by CTIF-CFI was sufficiently clear and substantiated and the federal police was able to process this case very quickly. Over EUR 750.000 was recovered in this case.

4. Jurisprudence of courts and tribunals

The analysis of decisions by courts and tribunals taken in 2012 in files reported to the judicial authorities refer to some forty judicial decisions and only final decisions are taken into account. Details on the procedure and predicate offences are discussed below.

Regarding the procedure three arguments are often used:

Reasonable period of time

Exceeding the reasonable period of time is repeatedly mentioned in decisions, appropriately or not. When this argument is justified in accordance with Article 21ter of the Preliminary Title of the Prosecution Code this usually results in a reduced sentence²⁶, if the rights of the accused were not seriously and irrevocably damaged exceeding the reasonable period of time results in a conviction without sentence²⁷.

Prescription

Irrespective of the scope of the investigation or the severity of the facts (even if they are legitimate) prescription discontinues criminal proceedings, in favour of the defendant²⁸. The Correctional Court Charleroi²⁹ refers to settled case law of the Court of Cassation of 2 May 2006 (R.G. P.06.0125.N, 2 May 2006 www.juridat.be) stating that “in case an exact starting date for the period of prescription cannot be determined, the judge needs to take into account the most favourable date for the defendant.”

Salduz judgement

The jurisprudence of the Salduz judgment³⁰ was cited by the Correctional Court of Dendermonde³¹. The judge found that the judgement of the European Court of Human Rights “does not automatically mean that it is no longer possible to fairly deal with a defendant’s case [in case the suspect is not assisted by a lawyer during questioning]. When statements are not used by the judge, no apparent abuse or duress the fairness of the trial remains safeguarded”.

The predicate offences most frequently taken into account are:

Money laundering

To commit the offence of money laundering it suffices to exclude any legal origin of the laundered funds, as reiterated by the Court of Appeal of Brussels³² and the court of Tongeren³³. Formal proof of the predicate offence is not required, in accordance with the judgement of the Court of Cassation of 25 September 2001. The Correctional Court of Gent³⁴ states: money laundering is an autonomous offence, separate from the predicate offence”.

²⁶ Correctional Court Gent, 18 January 2010, unpublished, as well as Correctional Court Dendermonde, 2 November 2012, unpublished; Corr. Mons, 21 December 2012, unpublished.

²⁷ Correctional Court Charleroi, 19 December 2012, unpublished.

²⁸ Correctional Court Charleroi, 17 January 2012 final judgment by Correctional Court Charleroi, 5 April 2012, unpublished (even though the VAT carousel seemed to be proven the criminal action was discontinued due to prescription. The accused were initially sentenced in default and then tried in a defended action by the same court.)

²⁹ Correctional Court Mons, 21 December 2012, unpublished.

³⁰ ECHR, *Salduz vs. Turkey*, 27 November 2008. The European Court of Human Rights held in its judgment “Salduz vs. Turkey” that a suspect should have access to a lawyer while in police custody.

³¹ Correctional Court Dendermonde, 2 November 2012, unpublished, page 34.

³² Brussels, 2 May 2012, unpublished, the file was reopened thanks to CTIF-CFI’s report.

³³ Correctional Court Tongeren, 10 January 2012, unpublished, with reference to CTIF-CFI’s report.

³⁴ Correctional Court Gent, 4 January 2012, unpublished.

Illicit trafficking in narcotics

In a large-scale case narcotics were transported from South America to Europe and Australia concealed in agricultural machinery³⁵; in this case the court of Dendermonde sentenced the suspect to five years' imprisonment and more than EUR 1 million was confiscated. The court in Charleroi³⁶ passed judgment in a quite simple but incredible case: when growing cannabis the defendant ran up his electricity bill, this led to suspicions with the neighbours and he was eventually exposed.

Illicit trafficking in goods and merchandise (diamonds, cars)

Diamonds

A judgment by the Court of Appeal of Antwerp was discussed in CTIF-CFI's annual report 2011. This case has now been examined by the Court of Cassation and the Court of Appeal of Brussels³⁷. The Court of Cassation confirmed the seized amounts (some USD 50.000.000) but restricted the subsequent debates at the Court of Appeal of Brussels. It found forgery had been committed in order to conceal the Angolan origin of the diamond and make the goods appear legitimate.

The correctional court of Antwerp ruled in two cases involving illicit trafficking in diamonds where the origin of the diamonds was concealed. In the first case³⁸ the origin of the diamonds was concealed by using fake invoices. According to this decision embargo on diamonds from the Democratic Republic of the Congo as well as human rights were violated. The defendants were heavily sentenced as their only aim was profit seeking and did not take into account that their helped to maintain a bloody conflict in the Democratic Republic of the Congo. They were sentenced to three years' imprisonment, financial sanctions were also imposed (including a fine of more than EUR 40 million for infringing customs legislation).

Even though CTIF-CFI had stated in its report that there were serious indications of terrorism and terrorism financing, the Correctional Court of Antwerp did not take these charges into account.

The correctional court of Antwerp also ruled on a case involving illicit trafficking in diamonds. An attempt was made to conceal the origin of the diamonds through a complex series of payments. In addition to the sentencing in excess of EUR 15 million and a building were confiscated.

Cars

Various files involve the car trade. One ruling also sentenced breaches of social legislation³⁹. In this case the judge found a confiscation to be preferable and more appropriate than a prison sentence, crime does not pay. Illicit trafficking in cars is often coupled with mileage fraud⁴⁰, forging the chassis number and vehicle registration fraud⁴¹.

³⁵ Correctional Court Dendermonde, 2 October 2012, unpublished

³⁶ Correctional Court Charleroi, 23 January. 2012, unpublished.

³⁷ Antwerpen, 17 February 2010 (initial procedure); Court of Cassation 26 October 2010 (judgment referring to the Court of Appeal of Brussels leading to the judgement of 4 September 2012).

³⁸ Correctional Court Antwerpen, 6 December 2004, unpublished.

³⁹ Correctional Court Gent, 18 January 2010, unpublished.

⁴⁰ Correctional Court Leuven, 4 December 2012, unpublished.

⁴¹ Correctional Court Charleroi, 19 December 2012, unpublished.

Trafficking in human beings

This charge featured in a file in which the Centre for Equal Opportunities and Opposition to Racism joined proceedings as a civil party⁴² and African and Asian women were forced into prostitution on the Internet. Given the seriousness of the facts the chief offender was sentenced to five years' imprisonment, he was given a fine of EUR 55.000 and deprived of his civil rights for a period of ten years.

Trafficking in illegal labour

Trafficking in illegal labour and human trafficking featured in the legal claim of several decisions but were not sentenced as such, the facts are only considered to be breaches of social legislation.

These decisions show that, if this still needed to be highlighted, that breaches of social legislation (exploitation of illegal labour) should not be underestimated as these often conceals other offences such as trafficking and smuggling of human beings.

Serious and organised fiscal fraud

Serious and organised fiscal fraud reported by CTIF-CFI to the judicial authorities was key is a judgement of the Correctional Court of Mons on VAT carousel fraud in the oil business⁴³. The perpetrator fraudulently hid behind a company that reclaimed VAT from a previous supplier that had not paid any VAT. As the facts were committed a long time ago the judge applied Article 21ter of the Preliminary Title of the Prosecution Code.

Fraud, breach of trust

A judgment by the Correctional Court of Gent⁴⁴ regarded a complaint for Internet fraud. A mobile phone was purchased on the Internet, EUR 350 was paid, yet the phone was never delivered.

The cases mentioned above also related to fraud and breach of trust.

The Correctional Court of Veurne⁴⁵ ruled in a case on breach of trust. The offences breach of trust and theft yielded over EUR 270.000, which the offender used for gambling.

Misappropriation of corporate assets

The Correctional Court of Gent⁴⁶ found that a company had transferred more than EUR 500.000 to another company after it had been declared bankrupt, in favour of the defendants. Together with other offences more than EUR 1 million in assets had been withdrawn. The defendants were sentenced to several months in prison and more than EUR 1 million was confiscated.

Fraudulent bankruptcy

The Court of Appeal of Antwerp⁴⁷ confirmed a decision by the court in Hasselt, based on CTIF-CFI's report and its analysis of a transfer to Spain. The fraudulent bankruptcy was considered to be proven for an amount of some EUR 200 000. A suspended prison sentence of several months and a ban of holding a management position were imposed.

⁴² Correctional Court Tongeren, 3 May 2012, unpublished.

⁴³ Correctional Court Mons, 21 December 2012, unpublished

⁴⁴ Correctional Court Gent, 26 September 2012, unpublished.

⁴⁵ Correctional Court Veurne, 21 December 2012, unpublished.

⁴⁶ Correctional Court Gent, 21 January 2013, unpublished.

⁴⁷ Antwerpen, 22 October 2012, unpublished.

Transport of currency

The correctional court of Oudenaarde⁴⁸ examined the confiscation of EUR 17.000 in cash that was not declared to customs. The court ruled that the amount that was not declared to the tax authorities (17.000 x 45% = 7.650 EUR) had been laundered, this amount was confiscated.

Conclusion

CTIF-CFI's role is clear in many decisions: criminal proceedings are commenced or dismissal⁴⁹ can be avoided. Often CTIF-CFI's report is cited to analyse transfers and financial flows⁵⁰. This shows that the information collected by CTIF-CFI can be of great importance.

International cooperation between FIUs is essential, as confirmed by two decisions⁵¹. The first case involved illicit trafficking in diamonds. In the second case the file was reopened thanks to CTIF-CFI's report and reference was made to information on suspicions of VAT fraud received from a foreign FIU.

⁴⁸ Correctional Court Oudenaarde, 24 September 2012, unpublished.

⁴⁹ Brussels, 2 May 2012, unpublished.

⁵⁰ Correctional Court Hasselt, 16 May 2012, unpublished.

⁵¹ Correctional Court Antwerpen, 4 March 2004, unpublished and Brussels, 2 May 2012, unpublished.

IV. OTHER ACTIVITIES

1. The Fourth European Directive

As stated in CTIF-CFI's 2011 annual report the FATF comprehensively reviewed its standards and the revised forty recommendations were adopted in February 2012. At the same time the European Commission examined the European AML/CFT framework.

The proposal for a new Directive published in February 2013 repeals the third AML/CFT Directive, Directive 2005/60/EC of 26 October 2005⁵² on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing as well as Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC⁵³

The fourth European Directive is in many ways stricter than the revised forty FATF recommendations, especially with regard to the scope (now also applicable to all providers of gambling services and dealers in goods with a threshold of EUR 7500), beneficial ownership information (which is to be made available to obliged entities and competent authorities) and sanctions.

The new Directive's main aim is to increase the effectiveness of AML/CFT measures, using a risk-based approach.

Member States, their supervisory authorities and obliged entities are required to assess ML and TF risks at every level and take adequate mitigating measures commensurate to such risk.

Further clarification of the proposal

The European Commission essentially suggests following amendments to the third AML/CFT Directive.

Extending the Directive's scope

The threshold for traders in high-value goods receiving cash payments (purchase/sale) is lowered from EUR 15.000 to EUR 7.500. Traders are currently only subject to the Directive when receiving cash payments of EUR 15.000 or more. This is not the case in Belgium as cash payments in excess of EUR 5.000 (EUR 3.000 in 2014) are not allowed.

Under the new proposal traders are required to conduct customer due diligence when carrying out an occasional transaction (purchase/sale) of EUR 7.500 or more.

These two measures are to prevent that traders would be used for ML/TF purposes.

Providers of gambling services are now also subject to the Directive. The FATF recommendations are only applicable to casinos though. EU research shows that other areas of gambling vulnerable to misuse by criminals.

Risk-based approach

The new directive focuses on a risk-based approach to identify and mitigate risks to the financial system and wider economic stability.

⁵² OJ L 309, 25/11/2005, p. 15

⁵³ OJ L 214, 04/08/2006, p. 29

Every new AML/CFT measure to be implemented in a Member State should be based on prior investigation into the risks of money laundering and terrorist financing.

The risk assessments should be carried out in three main areas:

- **Member States** will be required to identify, understand and mitigate the risks facing them. This can be supplemented by risk assessment work carried out at a supra-national level (e.g. by the European Supervisory Authorities or Europol) and the results should be shared with other Member States and obliged entities.
- **Obliged entities operating within the scope of the Directive** would be required to identify, understand and mitigate their risks, and to document and update the assessments of risk that they undertake.
- competent authorities (such as **supervisors**) must thoroughly review and understand the decisions made by obliged entities under their supervision. the resources of supervisors can be used to concentrate on areas where the risks of money laundering and terrorist financing are greater.

Simplified and Enhanced Customer Due Diligence:

In the proposal, obliged entities would be required to take enhanced measures where risks are greater and may be permitted to take simplified measures where risks are demonstrated to be less.

With regard to the Third Anti Money Laundering Directive the provisions on simplified due diligence were found to be overly permissive, with certain categories of client or transaction being given outright exemptions from due diligence requirements.

In future decisions on when and how to undertake simplified due diligence would have to be justified on the basis of risk.

With regard to politically exposed persons the Directive will also be applicable to domestic PEPs or PEPs working in international organisations.

Information on the beneficial owner

The revised Directive proposes new measures in order to provide enhanced clarity and accessibility of beneficial ownership information.

It requires legal persons to hold information on their own beneficial ownership. This information should be made available to both competent authorities and obliged entities.

For legal arrangements, trustees are required to declare their status when becoming a customer and information on beneficial ownership is similarly required to be made available to competent authorities and obliged entities.

Third country equivalence:

The current provisions of the Third AMLD require decisions to be made on whether third countries have anti-money laundering/combating terrorist financing systems that are “equivalent” to those in the EU. This information was then used to allow exemptions for certain aspects of customer due diligence.

The revised Directive will remove the provisions relating to positive “equivalence”, as the customer due diligence regime is becoming more strongly risk-based and the use of exemptions on the grounds of purely geographical factors is less relevant.

Administrative sanctions:

To align administrative sanctions, the revised Directive contains a range of sanctions that Member States should ensure are available for systematic breaches of key requirements of the Directive, namely customer due diligence, record keeping, suspicious transaction reporting and internal controls.

Other measures:

The proposal strengthens and reinforces the cooperation between EU FIUs.

Certain tasks are also given to European supervisory authorities. They are asked to carry out an assessment and provide an opinion on the money laundering and terrorist financing risks facing the European Union.

Finally the proposal also examines the need to strike a balance between allowing robust systems and controls and preventative measures against money laundering and terrorist financing on the one hand, and protecting the rights of data subjects on the other.

2. The Egmont Group

In July 2012 the Egmont Group⁵⁴ met in Saint Petersburg, Russia. Three hundred participants, representing FIUs from 109 jurisdictions and 17 international organisations, took part in the twentieth plenary meeting of the Egmont Group. The plenary meeting was co-chaired by Mr. Boudewijn Verhelst, Deputy Director of CTIF-CFI/ Chair of the Egmont Group and Mr. Yury Chikhanchin, Director of Rosfinmonitoring.

At this meeting the FIUs of Gabon, Jordan, Tajikistan and Tunisia were accepted as new members.

The Organization for Security and Co-operation in Europe (OCSE) was accepted as an observer.

During this week of meeting the delegations attending signed 65 Memorandums of Understanding (MOUs).

The Egmont Group started a comprehensive review of its core documents. The meetings mainly dealt with discussions on suggested amendments to these documents.

Training sessions were held on topics relevant to participants. They primarily dealt with the real estate sector, ML/TF risks of new financial products, the possibility for FIUs to postpone a transaction, cooperation between FIUs, law enforcement and anti corruption bodies, feedback and communication with law enforcement.

3. International cooperation

CTIF-CFI requests information from foreign FIUs when a disclosure points to links with another country, either through the individuals involved or the transactions.

This year CTIF-CFI also regularly sent requests abroad and also received numerous from foreign FIUs. The statistics on international cooperation are listed below.

The operational cooperation with foreign FIUs is usually based on written agreements between different FIUs (MOU or Memorandum of Understanding). In 2012 five new MOUs were signed (Fiji, Madagascar, Niger, Philippines, Vatican City State). Sometimes requests for information are sent to FIUs with which no MOU has been signed when this is useful for operational purposes and when the

⁵⁴ More information on the Egmont Group is available at <http://www.egmontgroup.org/>.

exchanged information is protected by strict confidentiality. It should be stressed though that information is always exchanged in a secure way. The exchanged information may never be used without prior consent of the FIU providing the information and permission may only be granted on the basis of reciprocity.

The figures below on the number of requests received from and sent to foreign FIUs not only refer to normal requests but also to spontaneous requests for information exchange. Spontaneous information exchange takes place when CTIF-CFI informs the foreign FIUs that a file was reported and links were identified with the country of this foreign FIU even if CTIF-CFI did not query the FIU beforehand. Conversely CTIF-CFI received information from foreign FIUs on individuals with an address in Belgium who fell prey to fraud in the country of that FIU or warnings⁵⁵ for particular fraud schemes. CTIF-CFI also considers this exchange of information as spontaneous information exchange.

3.1. Breakdown of the requests for information received from foreign FIUs in 2012

	MOU ⁽¹⁾	2012
Luxembourg	22/04/1999	180
France	01/02/1994	113
Netherlands	29/06/1995	27
Guernsey	27/09/2000	22
Russia	12/12/2002	9
Switzerland	16/07/1999	9
Slovakia	06/06/2000	8
United Kingdom	24/05/1996	8
Jersey	14/07/2000	6
Germany	19/12/2000	5
Spain	16/12/1996	5
Ireland	17/10/2000	4
Poland	21/03/2002	4
Bahamas	30/11/2001	3
Democratic Republic of the Congo	27/09/2011	3
Romania	27/11/2000	3
United States	8/07/1994	3
Albania		2
Argentina	24/06/2004	2
Bulgaria	2/03/1999	2
Canada	02/01/2003	2
Cyprus	9/10/1998	2
Guatemala	3/02/2003	2
Isle of Man		2
Mali	12/08/2010	2
Malta	23/01/2003	2
Aruba	14/06/2004	1
Austria	17/10/2000	1
Bermuda	30/06/2005	1
Brazil	23/07/1999	1

⁵⁵ Warnings or information on money laundering techniques are published on CTIF-CFI's website or its annual report.

British Virgin Islands	02/02/2001	1
Cameroon		1
Chile	12/07/2007	1
Croatia	25/01/1999	1
Curacao	07/06/2002	1
Denmark	30/03/1998	1
Finland	29/10/1998	1
Gibraltar	17/10/2000	1
Hong Kong, China	21/12/1998	1
Hungary	18/01/2000	1
Israel	28/06/2002	1
Italy	15/05/1998	1
Japan	27/06/2003	1
Kazakhstan		1
Malaysia		1
Monaco	20/10/2000	1
Morocco	26/08/2010	1
Paraguay		1
Peru	07/10/2005	1
Philippines	02/02/2012	1
Portugal	05/03/1999	1
Senegal	21/11/2005	1
Singapore	07/09/2001	1
Slovenia	23/06/1997	1
South Africa	29/07/2003	1
Sri Lanka	16/06/2010	1
Turkey	16/05/2003	1
Ukraine	19/09/2003	1
United Arab Emirates	26/05/2009	1
Vatican City	19/06/2012	1
TOTAL		464

⁽¹⁾ As a rule CTIF-CFI cooperates with FIU counterparts on the basis of an MOU, but if necessary it can also exchange information on a case by case basis.

3.2. Breakdown of the requests for information sent to foreign FIUs in 2012

In 2012 CTIF-CFI sent 1.639 requests for information to foreign FIUs, mainly to the Netherlands, France, Germany, the United Kingdom, Germany and Luxemburg, Belgium's neighbouring countries. This breakdown of the requests for information corresponds to the statistics (nationality and country of residence of the main individual involved in reported files) and to the typological analysis and analysis of financial flows in reported files. These countries are the most frequent ones as countries of origin or destination of funds in reported files.

	MOU	2012
Netherlands	29/06/1995	271
France	01/02/1994	264
United Kingdom	24/05/1996	90
Germany	19/12/2000	87
Luxembourg	22/04/1999	76
Spain	16/12/1996	61
Morocco	26/08/2010	44
Turkey	16/05/2003	43
Democratic Republic of the Congo	27/09/2011	41
Italy	15/05/1998	38
Romania	27/11/2000	35
Russia	12/12/2002	34
Switzerland	16/07/1999	32
United States	08/07/1994	29
Hong Kong, China	21/12/1998	28
China	05/11/2008	26
United Arab Emirates	26/05/2009	26
Bulgaria	02/03/1999	23
Cyprus	09/10/1998	21
Poland	21/03/2002	21
British Virgin Islands	02/02/2001	18
Greece	08/10/1999	18
Canada	02/01/2003	16
Portugal	05/03/1999	15
Tunisia	05/05/2011	12
Israel	28/06/2002	10
Monaco	20/10/2000	10
Lebanon	10/09/2002	9
Lithuania	18/10/1999	9
Serbia	20/02/2004	9
Algeria	27/04/2010	8
Cameroon		8
Latvia	27/07/1999	8
South Africa	29/07/2003	8
Brazil	23/07/1999	7
Norway	07/06/1995	7
Sweden	22/03/1996	7
Benin	15/10/2010	6

Curacao	07/06/2002	6
Hungary	18/01/2000	6
India		6
Ireland	17/10/2000	6
Malta	23/01/2003	6
Panama	03/05/2001	6
Senegal	21/11/2005	6
Ukraine	19/09/2003	6
Czech Republic	17/11/1997	6
Australia	23/06/1997	5
Slovenia	23/06/1997	5
Thailand	24/04/2002	5
Cayman Islands		4
Jersey	14/07/2000	4
Liechtenstein	15/03/2002	4
Nigeria		4
Philippines		4
Singapore	07/09/2001	4
Slovakia	06/06/2000	4
Argentina	24/06/2004	3
Belize		3
Burkina Faso	11/03/2011	3
Denmark	30/03/1998	3
Egypt		3
Georgia	08/08/2005	3
Guernsey	27/09/2000	3
Japan	27/06/2003	3
Mauritius	14/11/2005	3
Peru	07/10/2005	3
Taiwan		3
Austria	17/10/2000	2
Bahamas	30/11/2001	2
Belarus		2
Colombia	06/06/2002	2
Finland	29/10/1998	2
Indonesia	01/02/2005	2
Isle of Man		2
Macedonia	21/10/2008	2
Moldova	07/12/2007	2
Qatar		2

Aruba	14/06/2004	1
Costa Rica		1
Côte d'Ivoire		1
Croatia	25/01/1999	1
Estonia	20/11/2000	1
Gibraltar	17/10/2000	1
Madagascar	02/10/2012	1
Malaysia		1
Mali	12/08/2010	1
Paraguay		1
Syria		1
Togo	12/08/2010	1
Vatican City	19/06/2012	1
Venezuela	06/08/2003	1
Total		1.639

The international fight against money laundering and terrorist financing benefits from a strong and effective joint European approach. Therefore close cooperation between EU FIUs is very important. At present EU FIUs, including CTIF-CFI, use the FIU.NET as a tool for exchanging operational data.

3.3. Technical assistance

In 2012 CTIF-CFI assisted in organising training sessions for compliance officers in the financial and non-financial sector and foreign FIUs. In 2012 CTIF-CFI received delegations from Serbia, the Central African Republic, Madagascar, Niger and Vatican City State. In 2012 CTIF-CFI also met the US Department of Justice to organise training sessions in Belgium and Kenya for various countries in the Horn of Africa. In January 2013 CTIF-CFI received a first delegation from Kenya.

A member of CTIF-CFI contributed to the mutual evaluation of Guinea conducted by GIABA.

4. Magistrates' training

CTIF-CFI welcomed a magistrate from the Public Prosecutor's Office of Charleroi as part of her external training. It also took part in various seminars organised by the Institute for Judicial Training.

GLOSSARY

This glossary contains the various terms used in the annual report 2012.

Additional disclosure: new disclosure to CTIF-CFI by the same or a different disclosing entity on suspicious financial transactions carried out by or suspicious activity related to the same or a different individual known to CTIF-CFI and that can be related to transactions or activity previously disclosed to CTIF-CFI.

Closed file: file that CTIF-CFI decides not to pursue for lack of serious indications of money laundering or terrorist financing as referred to in the law.

Date/romance scam (emotional fraud): type of fraud where ads are placed on dating sites or forums using Internet pictures of handsome men and women. Shortly afterwards the customers are then repeatedly asked to pay or the “Internet date” suddenly needs money.

Disclosing entity: institution or person subject to the AML CFT law⁵⁶.

Disclosure: information on one or more suspicious transactions or facts carried out by one or more individuals or related to one or more individuals that can be related and disclosed to CTIF-CFI.

File: compilation of all disclosures from one or more sources that can be related. This refers to suspicious transactions or facts, not necessarily to money laundering or terrorist financing.

Financial flows: general analysis of suspicious financial flows in the reported files aimed at identifying the geographical origin and destination of the money according to the predicate offences potentially related to the suspicious flows.

Financial institution (or financial profession): any person or entity who conducts as a business one or more of the following activities or operations for or on behalf of a customer⁵⁷:

1. Acceptance of deposits and other repayable funds from the public.
2. Lending
3. Financial leasing
4. The transfer of money or value
5. Issuing and managing means of payment (e.g. credit and debit cards, cheques, traveller’s cheques, money orders and bankers’ drafts, electronic money).
6. Financial guarantees and commitments
7. Trading in:
 - (a) money market instruments (cheques, bills, CDs, derivatives etc.);
 - (b) foreign exchange;
 - (c) exchange, interest rate and index instruments;
 - (d) transferable securities;
 - (e) commodity futures trading
8. Participation in securities issues and the provision of financial services related to such issues
9. Individual and collective portfolio management

⁵⁶ Cf. art. 2, art. 3 and art. 4 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation

⁵⁷ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org

10. Safekeeping and administration of cash or liquid securities on behalf of other persons
11. Otherwise investing, administering or managing funds or money on behalf of other persons
12. Underwriting and placement of life insurance and other investment related insurance
13. Money and currency changing

FIU: Administrative, judicial, policy or hybrid authority responsible for receiving, analyzing and disseminating disclosures from institutions and persons subject to the AML/CFT law⁵⁸.

Foreign FIU: foreign financial intelligence unit exercising functions similar to CTIF-CFI's and subject to equivalent obligations with regard to professional secrecy.

Freezing order: decision to oppose execution of any transaction for a maximum of five working days starting from the time of notification should CTIF-CFI deem such action necessary due to the seriousness or urgency of the matter⁵⁹.

Integration: all methods of investing legal funds of criminal origin, mostly placed and layered beforehand, in the legal and economic circuits.

Layering: succession of financial transactions with the aim of erasing any connection between the placed assets and its criminal origin as quickly as possible.

Missing trader: front company used for VAT carousel fraud to illegitimately claim back or not pay VAT for intra-Community transactions.

Money laundering stage: one of three stages of money laundering: placement, layering and integration.

Money mules: local intermediaries who receive proceeds of crime (phishing, fraud) on their personal bank accounts, withdraw the money in cash, get a commission and then send the remaining money to a beneficiary using money remittance.

Money remittance: service where an intermediary transfers money that was deposited in cash through international systems for payments by order of his client to a beneficiary designated by this client. In Belgium these services are usually provided by currency exchange offices, even though this has now been extended to other sectors.

Network: criminal network or organisation ordering to conduct suspicious transactions with similar characteristics; on these grounds several files are simultaneously reported to the judicial authorities.

Nigerian scam (419 fraud), advance fee scam, mass marketing fraud: types of fraud where potential victims get a very profitable offer involving a contract, lottery winnings or an inheritance. When the victims respond personal information is requested and additional documents are sent to make the offer more credible. Shortly afterwards the victims are asked to pay an advance in order to collect the entire amount. Requests to pay money continue to be made until the victims get suspicious and stop paying.

Non-financial professions refer to the following professions⁶⁰:

- a) Casinos (which also includes internet casinos).

⁵⁸ Cf. art. 22 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation

⁵⁹ Cf. Law of 11 January 1993, art. 23, § 2 – www.ctif-ctif-cfi.be – Legal provisions - Belgian legislation

⁶⁰ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org

- b) Real estate agents.
- c) Dealers in precious metals.
- d) Dealers in precious stones.
- e) Lawyers, notaries, other independent legal professionals and accountants – this refers to sole practitioners, partners or employed professionals within professional firms. It is not meant to refer to ‘internal’ professionals that are employees of other types of businesses, nor to professionals working for government agencies, who may already be subject to measures that would combat money laundering.
- f) Trust and Company Service Providers refers to all persons or businesses that are not covered elsewhere under these Recommendations, and which as a business, provide any of the following services to third parties:
 - acting as a formation agent of legal persons;
 - acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons;
 - providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement;
 - acting as (or arranging for another person to act as) a trustee of an express trust;
 - acting as (or arranging for another person to act as) a nominee shareholder for another person.

Open file: file still being analysed where serious money laundering or terrorist financing indications have not yet been identified.

Phishing: form of Internet fraud where confidential information (usually bank information) from potential victims is obtained when they log in to a fake website of a reliable company such as a bank. The victims are often led to this fake website by e-mail.

Placement: all the ways through which funds that are proceeds of crime are channelled into the financial system, usually in the form of large amounts of cash.

Politically Exposed Person (PEP): individual who is or has been entrusted with prominent public functions in a foreign country, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executive of state owned corporations, important political party official⁶¹.

Preventive system: system introduced to complement the repressive approach to money laundering (Article 505 of the Criminal Code) with a series of administrative measures to prevent the use of the financial system for purposes of money laundering and terrorist financing.

Report: compilation of information that CTIF-CFI forwards to the Public Prosecutor’s Office in case of serious indications of money laundering or terrorist financing.

Reported amount: total amount of suspicious transactions identified in files reported to the competent Public Prosecutor’s Office.

Reported file: CTIF-CFI’s analysis of one or several related disclosures pointing to serious indications of money laundering or terrorist financing, reported to the competent Public Prosecutor’s Office on these grounds.

Strategic analysis: proactive analysis of money laundering and terrorism financing trends to complement and enhance the operational work of financial analysts and issue appropriate recommendations on internal policy and legislation when appropriate.

⁶¹ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org and art. 12 § 3 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation

Supervisory authority: (semi) public authority responsible for supervising or checking institutions or persons referred to in AML/CFT law⁶².

Suspicious transaction: transaction that institutions or persons referred to in the AML/CFT law consider particularly likely, by its nature or its unusual character in view of the customer's activities, by the circumstantial elements or by the capacity of the persons involved to be related to money laundering or terrorist financing.

Typological analysis: typological analysis of files reported to the Public Prosecutor's Office that provides an overview of the main money laundering and terrorism financing trends in recent years.

Warning signal: feature related to the nature or circumstances of the transaction that should be noticed by the disclosing institutions and persons and is to be used as an indicator to identify financial transactions that may be suspicious and result in a thorough analysis and potentially need to be disclosed to CTIF-CFI

⁶² Cf. art. 38 and 39 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation

ACRONYMS

AML/CFT: Anti Money Laundering / Countering the Financing of Terrorism

CTIF-CFI: *Cellule de Traitement des Informations Financières – Cel voor Financiële Informatieverwerking*

FATF: The Financial Action Task Force is an intergovernmental body aimed at developing and fostering national and international AML/CFT policies. The FATF secretariat is housed at the OECD headquarters. The 36 members of the FATF are: Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, the European Commission, Finland, France, Germany, Greece, the Gulf Cooperation Council, Hong Kong (China), Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, the People's Republic of China, Portugal, the Republic of Korea, the Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The FATF reports (in English and in French) can be found on the Internet (www.fatf-gafi.org). The Belgian delegation for this body is led by CTIF-CFI's President.

FIU: Financial Intelligence Unit

GIABA: *Groupe Intergouvernemental d'Action contre le Blanchiment d'Argent en Afrique de l'Ouest*

Moneyval: Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) has 29 permanent members and two temporary members: Albania, Andorra, Armenia, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Holy See, Hungary, Latvia, Liechtenstein, Lithuania, Malta, Moldova, Monaco, Montenegro, Poland, Romania, the Russian Federation, San Marino, Serbia, the Slovak Republic, Slovenia, the former Yugoslav Republic of Macedonia, and Ukraine. Two countries designated by the FATF Presidency are also members, on a two-year basis. For the current period, these are Austria and France. Israel has been an active observer since January 2006. (www.coe.int/moneyval)

MOU: Memorandum of Understanding

OLAF: European Anti-Fraud Office



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