



ctif cfi

20th Annual Report

2013

CTIF-CFI



Belgian Financial Intelligence
Processing Unit

20th Annual Report
2013

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I. PREFACE BY THE DIRECTOR

1. CTIF-CFI's 20th Annual Report

The Belgian Financial Intelligence Unit CTIF-CFI [*Cellule de Traitement des Informations Financières – Cel voor Financiële Informatieverwerking*] celebrated its twentieth anniversary by publishing a book in December 2013 entitled “*White paper on criminal money, 20 years of combating money laundering and terrorist financing*”.

One practical implication is that the regular publication of our annual report, the twentieth edition in 2013, was postponed. Now that students are heading back to school, I gladly present our twentieth annual report.

Let me emphasize that 2013 turned out to be an exceptionally busy year and the decision not to publish two annual reports in a short period of time was triggered by this full schedule. At the same time, this decision was intended to highlight a pivotal moment seen from two perspectives. On the one hand, we looked back and took stock of CTIF-CFI's activities over the last twenty years, on the other hand we also examined the year prior to the evaluation by the Financial Action Task Force (FATF), which will significantly shape the future of the fight against money laundering, terrorist financing and proliferation.

Apart from fulfilling its operational and analytical tasks and taking part in activities of European and international organisations (the FATF, the Egmont Group, the Council of Europe, the European Commission), CTIF-CFI devoted much time to its national coordinating role. The ultimate goal was to fully prepare for the fourth evaluation of the Belgian system for combating money laundering, terrorist financing and proliferation of weapons of mass destruction.

The two new bodies set up by the government in accordance with the new FATF Recommendations 1 and 2 have played a vital role in this preparation. The Ministerial Committee coordinating the fight against money of illicit origin [*Comité ministériel de coordination de la lutte contre le blanchiment de capitaux d'origine illicite*] and the Coordinating Body for the fight against money of illicit origin [*Collège de coordination de la lutte contre le blanchiment de capitaux d'origine illicite*] were created and the powers of the Ministerial Committee of Intelligence and Security [*Comité ministériel du renseignement et de la sécurité*] set up in 1996 were extended to include the coordination of the fight against terrorist financing and the proliferation of weapons of mass destruction (see the Royal Decrees of 23 July 2013).

Pursuant to these Recommendations, these two bodies drew up two specific assessments: one assessing money laundering risks and threats and another assessing terrorist financing risks and threats.

These two assessments, which will have to be updated every year, comply with the FATF requirements and were submitted to the two Ministerial Committees.

The outgoing Minister of Justice, who also chairs the Ministerial Committee coordinating the fight against money of illicit origin, acknowledged receipt of the document in writing on 7 May 2014. In this letter, the Minister stated that “due to the end of the term it will not be possible for the ad hoc committee to meet before the end of the term”. The Minister of Justice requested “to submit a list of specific items and proposals, including bills, to the next government that the Committee should discuss during its first meeting.”

By that time the conclusions of the evaluation by the FATF, with regard to the legal compliance with the 40 Recommendations, as well as the effectiveness of Belgium's results, will have been made public. These conclusions will undoubtedly underpin the conclusions of the national risk and threat assessments of money laundering, terrorist financing and proliferation.

This will enable the new Ministerial Committees to set priorities and develop efficient policies to tackle these issues, which are also high on the international agenda.

2. The fourth FATF evaluation of Belgium: looking for effectiveness

Together with Norway, Spain and Australia Belgium is among the first FATF member states to be evaluated. In addition to the technical compliance with the 40 FATF Recommendations, the effectiveness of the system put in place will also be assessed.

The final report will be made public during the plenary meeting of the FATF in Paris in February 2015. It will not only assess the operational effectiveness of each part of the system set up to combat these issues against each Recommendation, but also include an assessment of the entire system based on the results obtained at the end of the chain.

Never before since its inception has the FATF focused more on assessing effectiveness. This exercise is particularly difficult for the jurisdictions involved. Strategically speaking this is a sensitive period for the countries assessed (particularly for EU Member States) taking into account the global context: financial and budgetary crises as well as the current context of terrorist financing and proliferation.

We must not forget that the FATF Recommendations and the systems set up as a result were initially aimed at locally and internationally combating drug trafficking and its criminal proceeds, leading to an ever-growing power of unethical and illegal organisations and the influence of these powers on society and institutions.

In the same logic, we find that the evolution of the Recommendations was driven by global events that have led to increased risks and threats to the international community as well as individual countries.

This evolution highlights the importance of these events on the fight against money laundering, terrorist financing and proliferation and their impact on the financial stability of democratic systems.

To illustrate this significance I would like to highlight three essential examples of this evolution between 2001 and 2012.

Following the attacks of 11 September 2001, the FATF held an emergency meeting in Washington DC and drew up nine Special Recommendations on Terrorist Financing. These nine Recommendations were subsequently incorporated into the 40 revised Recommendations, which were used to assess the effectiveness of our AML/CFT [Anti-Money Laundering / Combating the financing of terrorism] system.

From June 2008 onwards, the FATF's mandate was broadened in order to combat new and emerging threats such as proliferation financing. These measures were taken as a result of the crisis in Iran and the adoption by the United Nations Security Council of resolutions 1696, 1737, 1747 and 1803 on 31 July 2006, 23 December 2006, 24 March 2007 and 3 March 2008 respectively.

The fight against proliferation ultimately became part of the FATF Recommendations when they were revised and adopted at the plenary meeting in February 2012.

In September 2008, the subprime crisis led to a global banking crisis and the sovereign debt crisis also emerged in the wake of this crisis. One of the consequences was that countries, often implicitly, became increasingly interested in the consequences of illegal tax evasion and wanted to use the fight against the laundering of proceeds of fraud to find ways to recover large sums of money, which are essential to its survival. In 2009, the Committee of Inquiry of the Belgian Federal Parliament on large cases of fiscal fraud estimated fiscal fraud in Belgium resulting from the underground economy to be worth EUR 30 billion per year. This underground economy links the use of dirty money to its corruptive influence on social, economic and financial structures.

As a last example, the events known as the Arab Spring shed light on large-scale embezzlement of goods and public funds as well as corruption.

The logical result is that the Recommendations revised in February 2012 have improved the response to laundering the proceeds of corruption and criminal tax crimes, as is the case for other serious forms of crime yielding large profits.

By combating the laundering of proceeds of crime and predicate offences the FATF demonstrates yet again that these forms of crime are a great danger and have a disruptive effect at many levels.

The ongoing evaluation is an excellent opportunity to remind all those involved that not only money laundering but also the predicate offences should be tackled. We must not forget that money laundering is but one aspect of financial crime. The fight against money laundering must join the fight against financial crime and any type of serious crime aimed at profit.

This fight can only be won through regulations proportional to the threats identified and the will to provide the necessary resources to deliver effective responses. Only a coordinated approach taking into account both legislative and operational matters demonstrates responsiveness and a genuine desire to implement an effective policy.

3. The evaluation of the effectiveness of the preventive and criminal AML/CFT system as an integral part of the Financial System Stability Assessment

In 2013, the International Monetary Fund (IMF) assessed the stability of the Belgian financial system. The public section of the report dated 25 April 2013 (IMF Country Report No. 13/124) was published on the IMF's website. The assessment of the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) system is part of the Financial System Stability Assessment. Item 72 of this IMF report refers to the FATF evaluation in 2014.

The results of this evaluation are vital in the broader framework of the IMF's Financial System Stability Assessment.

Following a two-week onsite visit early July 2014, a first report was sent to the Belgian authorities mid-September.

Following subsequent discussions with the assessors, the final report will be presented at the plenary meeting in February 2015. Once adopted, this final report will be published.

It goes without saying that, until then, information on the draft report, the nature and content of discussions are embargoed and will not be made public.

Let me add that the follow-up process of Belgium's evaluation will not be completed on 15 February 2015. For any weaknesses and deficiencies identified the FATF has a follow-up procedure in place. In case several deficiencies regarding the effectiveness of core Recommendations are identified an enhanced follow-up procedure will be put into place for the assessed jurisdiction.

Even though it would be premature to speculate on the final results of the evaluation, we can already highlight one positive outcome: the quality of cooperation between different national private and public partners has increased continuously since 2012 in the two years of preparations for the onsite visit by the FATF in July 2014.

I would like to thank everyone for their efforts in contributing to these preparations and the visit itself.

4. Figures for 2013 and comments

In 2013, the number of subjective disclosures (based on a suspicion of money laundering or terrorist financing after analysis by a disclosing entity) increased significantly, from 5.896 units in 2012 to 7.078.

The other objective disclosures received in accordance with the Law of 11 January 1993 were calculated separately for the first time (see page 13 ff.). These disclosures represent a total of 15.888 notifications.

In total, CTIF-CFI received 22.966 notifications in 2013, some 2.000 more than in 2012.

These disclosures represent 5.063 new files, compared to 4.002 in 2012 (+25%).

In contrast with the increase in the number of files opened there is a substantial decrease in the number of files (1.168) reported to the judicial authorities.

This means that 200 fewer files were reported to the Public Prosecutors and Federal Public Prosecutor than in 2011, reaching a level similar to the one in 2009 and 2010.

The amount detected in new files and reported to the judicial authorities comes to EUR 796,79 million. In order of significance credit institutions (56,56 %), FIU counterparts (22,36%) and Federal Public Service Finance (10,73%) contributed to this amount. When also taking into account the additional reports forwarded to the judicial authorities, the amount reported to the judicial authorities in 2013 comes to EUR 1.180.000.000.

In 2013, CTIF-CFI closed 2.967 files after analysis and after finding there were no serious indications as referred to in the Law of 11 January 1993.

On 31 December 2013, 2.710 files remained open, opened in 2013 or in previous years after receiving a disclosure of suspicions of money laundering.

In brief, CTIF-CFI took a decision in 4.135 files in 2013: 1.168 were reported to a Public Prosecutor's Office (mainly Brussels and Antwerp) and 2.967 files were closed.

When looking at the origin of the disclosures *sensu stricto*, credit institutions most commonly feature with a total of 5.690 disclosures compared to 4.768 in 2012. These disclosures represent 24,78 % of the total number of disclosures received. The Postal Service *bpost* and life insurance companies also contributed to the increase in the number of disclosures to CTIF-CFI.

Some non-financial professions (notaries, real estate agents and accounting professionals) have significantly improved detection. Accounting and tax professions submitted 50% more notifications to CTIF-CFI in 2013. In the period of one year, notaries submitted 400 more notifications to CTIF-CFI than in 2013.

This positive evolution, in terms of numbers as well as quality, is the result of increased awareness raising and supervision by professional bodies.

Disclosures from currency exchange offices remained stable, amounting to 50% of the total number of disclosures received. These disclosures only refer to cash transactions (money remittance), which are increasingly used by criminal networks engaged in trafficking in human beings (trafficking in illegal labour, prostitution) and fraud such as advance fee fraud.

Cash transactions (deposits, withdrawals, transfers) remain an important part of the number of transactions identified and reported to the judicial authorities.

With regard to the predicate offences in the files reported to the judicial authorities in 2013, the order varies depending on whether we look at the reported files or the reported amount.

In terms of the number of reported files, fraud comes in first place (320 in 2013), followed by misappropriation of corporate assets (165) and fraudulent bankruptcy. Serious fiscal fraud comes in seventh place (52), behind illicit trafficking in goods, merchandise and arms (fourth place, 116 reported files), illicit trafficking in narcotics (fifth place, 88 files) and trafficking in illegal labour (sixth place, 83 files).

Just behind serious fiscal fraud comes organised crime (44), exploitation of prostitution (41), trafficking in human beings (37), terrorist financing (25), breach of trust (21), theft and extortion (19) and corruption and embezzlement and other offences referred to in the Law of 11 January 1993 (23).

When looking at the reported amounts by predicate offence, serious fiscal fraud comes in first place (EUR 424,57 million or 53,28 % of the total reported amount in new files), followed by misappropriation of corporate assets (EUR 93,50 million or 11,73 %) and fraudulent bankruptcy (EUR 62,88 million or 7,89%).

The figures and findings on serious fiscal fraud raise questions, especially since the structures and international legal, economic and financial constructions used to launder dirty money are the same ones as those used for large-scale fiscal fraud. Illegal financial speculation also uses the same fraud structures.

For various reasons, some with political, cultural or social connotations, the fight against the consequences of large-scale fiscal fraud through money laundering continues to make feelings run high. The debate has become quite intense since the FATF, as mentioned above, suggested adding criminal tax crimes to the predicate offences.

This matter has also led to controversy in Belgium since the term serious and organised fiscal fraud was replaced by the term serious fiscal fraud, whether organised or not in the Law of 11 January 1993 on preventing use of the financial system for purposes of money laundering and terrorist financing.

The specific aspects of the relationship between large-scale fiscal fraud and money laundering have always been sensitive issues and have become even more visible in these times of financial crisis when tax evasion is no longer a marginal phenomenon, but affects the core of our economy and continues to weaken jurisdictions.

Financially weaker jurisdictions, even if they have a clear intention of tackling these issues, will no longer have sufficient resources to counter the negative effects of international criminal flows or flows linked to terrorist threats.

The current evaluation and the results will undoubtedly have to be analysed in terms of this particularly complex relationship.

Jean-Claude DELEPIÈRE
Director CTIF-CFI

II. COMPOSITION OF CTIF-CFI

Director:	Mr. Jean-Claude DELEPIÈRE
Vice-President:	Mr. Philippe de MÛELENAERE
Deputy Directors:	Mr. Boudewijn VERHELST Mr. Philippe de KOSTER
Members:	Mr. Michel J. DE SAMBLANX Mr. Luc BATSELIER Mr. Johan DENOLF Mr. Fons BORGINON

III. STATISTICS

1. KEY FIGURES

1.1. Number of disclosures

CTIF-CFI receives “subjective” disclosures⁽¹⁾ in accordance with the Law of 11 January 1993. These disclosures are based on a suspicion of money laundering or terrorist financing.

CTIF-CFI also receives “objectives” disclosures⁽¹⁾, these are disclosures inter alia based on legal indicators.

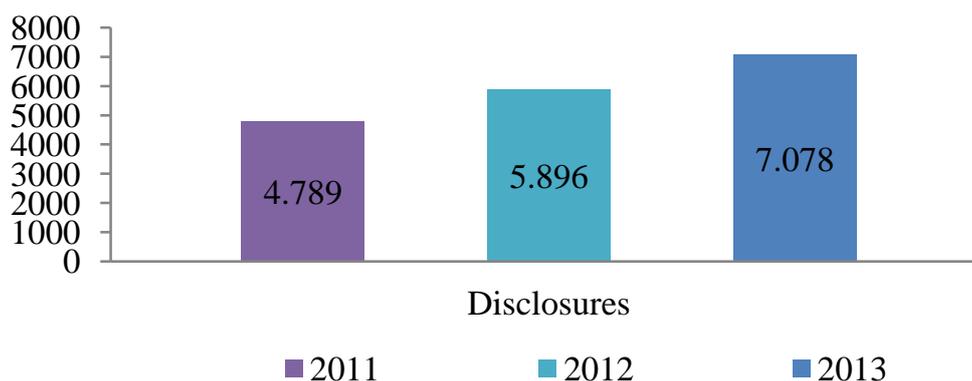
These include disclosures from the Customs and Excise Administration (cross-border transportation of currency), casinos¹, notaries² and real estate agents³. These disclosing entities⁽¹⁾ are required to inform CTIF-CFI of objective facts, even if they do not have any suspicions.

The number of disclosures remained fairly stable from 2009 to 2011, this number rose sharply in 2012 and 2013.

In order to process disclosures effectively, CTIF-CFI classifies each disclosure according to its importance (amount involved, politically exposed persons involved,...) and priority (urgent when funds can be frozen or seized or in case of an ongoing judicial investigation). These two criteria will determine the extent of research carried out and how quickly this research will have to be carried out. This selection process enables CTIF-CFI to balance any large variations in the number of disclosures.

	2011	2012	2013
Number of subjective disclosures	4.789	5.896	7.078
Number of objective disclosures	15.212	15.104	15.888
Total	20.001	21.000	22.966

⁽¹⁾ Cf. glossary



¹ In accordance with the indicators of the Royal Decree of 6 May 1999 implementing Article 26, § 2, second subparagraph, of the Law of 11 January 1993.

² In accordance with Article 20 of the Law of 11 January 1993.

³ In accordance with Article 20 of the Law of 11 January 1993.

1.2. Number of files opened and files reported to the judicial authorities

A large number of disclosures concern separate transactions related to the same case.

Various disclosures from one single disclosing entity can relate to the same case. Furthermore, the same case can involve disclosures from various separate institutions. CTIF-CFI groups disclosures of suspicious transactions that relate to one case into one file⁽¹⁾.

The disclosures received in 2013 were grouped into 5.063 files.

In this period, CTIF-CFI reported 1.168 files to the judicial authorities due to serious indications of money laundering or terrorist financing.

	2011	2012	2013
Number of new files opened because of suspicions of money laundering or terrorist financing	3.323	4.002	5.063
Number of files reported to the judicial authorities ⁽¹⁾	1.345	1.506	1.168
Amounts in the files reported to the judicial authorities ^{(2) (4)}	671,09	2.254,91	796,79
Number of disclosures reported to the judicial authorities ⁽³⁾	5.634	5.454	5.061
Amounts ⁽²⁾ in disclosures reported to the judicial authorities ^{(3) (4)}	978,87	2.540,96	1.179,76

⁽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.

⁽⁴⁾ The amount in files reported to the judicial authorities in 2012 is influenced by several reported files related to the sale of large quantities of gold worth in excess of EUR 1 billion.

1.3. Number of freezing orders

In 2013, CTIF-CFI used its power to oppose execution of a transaction on 25 occasions. CTIF-CFI temporarily froze assets worth EUR 12,34 million.

In numerous files, CTIF-CFI also informed the Central Office for Seizure and Confiscation that large amounts could still be seized.

	2011	2012	2013
Number of freezing orders ⁽¹⁾	33	36	25
Total amount of freezing orders ⁽²⁾	183,59	11,81	12,34

⁽¹⁾ Cf. glossary

⁽²⁾ Amounts in million EUR

2. SOURCE OF NOTIFICATIONS SENT TO CTIF-CFI

2.1. Number of disclosures received from disclosing entities

	2011	2012	2013	% 2013
Currency exchange offices and agents acting as payment institutions (money remittance) ⁽¹⁾	12.364	11.716	11.657	50,76
Credit institutions	3.831	4.768	5.690	24,78
Postal Service – <i>bpost</i>	634	800	1.085	4,72
Notaries	319	587	967	4,21
Casinos ⁽²⁾	952	916	919	4,00
Life insurance companies	81	84	196	0,85
External accountants, external tax advisors, external licensed accountants, external licensed tax specialists-accountants	52	99	139	0,61
Real estate agents	28	22	67	0,29
Company auditors	18	23	48	0,21
National Bank of Belgium	52	80	46	0,20
Stock broking firms	23	20	22	0,10
Companies for consumer credit	4	1	22	0,10
Management companies of collective investment undertakings	1	5	20	0,09
Insurance intermediaries	13	10	18	0,08
Mortgage companies	37	17	12	0,05
Lawyers	1	10	9	0,04
Bailiffs	5	4	8	0,03
Payment institutions managing credit cards ⁽³⁾	4	7	6	0,03
Intermediaries in banking and investment services	1	2	5	0,02
Security firms	1	1	2	0,01
Dealers in diamonds	6	1	1	-
Clearing institutions	0	1	1	-
Lease-financing companies	1	1	0	-
Portfolio management and investment advice companies	0	1	0	-
Branch offices of management companies of collective investment undertakings in the EEA	0	1	0	-

	2011	2012	2013	% 2013
Branch offices of investment companies in the EEA	0	1	0	-
Branch offices of management companies of collective investment undertakings outside the EEA	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	-

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

⁽²⁾ The 919 disclosures in 2013 refer to 1.214 transactions and a total amount of EUR 22,41 million. Criterion 3 of the Royal Decree of 6 May 1999 (introducing indicators for casinos) is the most common criterion with 1.201 transactions for a total amount of EUR 22,36 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.

2.2. Number of requests for information received from FIU counterparts⁴

	2011	2012	2013	% 2013
FIU counterparts ⁽¹⁾⁽²⁾	420	464	536	2,33

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

⁽²⁾ Cf. glossary

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

	2011	2012	2013	% 2013
Customs and Excise ⁽¹⁾	1.153	1.308	1.404	6,11
Federal Public Service Finance ⁽²⁾	-	13	34	0,15
Federal Public Service Economy ⁽²⁾	-	12	22	0,10
State Security Department ⁽²⁾	-	5	9	0,04
Trustees in a bankruptcy ⁽²⁾	-	0	7	0,03
Other administrative services ⁽²⁾	-	1	1	-
Federal Public Prosecutor's Office ⁽³⁾	0	0	0	-
European Anti-Fraud Office of the European Commission (OLAF) ⁽³⁾	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 29 March 2012 amending the Law of 11 January 1993 came into force (the 7 disclosures from trustees in a bankruptcy were submitted by 5 trustees).

⁽³⁾ Since the Law of 18 January 2010 amending the Law of 11 January 1993 came into force.

⁴ Cf. glossary

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

	2011	2012	2013	% 2013
Supervisory authorities ⁽¹⁾⁽²⁾	0	19	13	0,06

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

⁽²⁾ Cf. glossary

GRAND TOTAL (2.1 – 2.4)	20.001	21.000	22.966	100
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In 2013, disclosing entities such as credit institutions, the Postal Service *bpost* and life insurance companies contributed to the increase in the number of notifications to CTIF-CFI.

Furthermore, certain non-financial professions⁵ (notaries, real estate agents, accounting and tax professions) significantly enhanced their cooperation with CTIF-CFI. In total, accounting and tax professions sent 65 notifications more to CTIF-CFI than in 2012, which is an increase of more than 50%. The number of notifications from notaries also rose sharply in 2013 (400 notifications more than last year).

These positive developments are unquestionably the result of awareness raising measures taken by the new supervisory authorities and professional bodies. These measures almost certainly resulted in improved detection of suspicious transactions⁶.

⁵ Cf. glossary

⁶ Cf. glossary

2.5. Number of institutions and persons having submitted disclosures/ total number of disclosing entities

<i>Financial professions</i> ⁽¹⁾	2011	2012	2013	discl. pers. / inst.
Credit institutions	66	65	72	104
Currency exchange offices, payment institutions and institutions for electronic money	14	17	14	53
Life insurance companies	9	13	11	30
Stock broking firms	6	6	6	32
Mortgage companies	2	4	5	108
Payment institutions issuing or managing credit cards	1	2	5	18
Companies for consumer credit	2	1	5	85
Insurance intermediaries	2	3	3	9.529
Management companies of collective investment undertakings	1	1	1	12
Intermediaries in banking and investment services	1	1	1	15
Postal Service – <i>bpost</i>	1	1	1	1
National Bank of Belgium	1	1	1	1
Clearing institutions ⁽²⁾	0	1	1	1
Lease-financing companies	1	1	0	116
Portfolio management and investment advice companies	0	1	0	20
Branch offices of investment companies in the EEA	0	1	0	12
Branch offices of management companies of collective investment undertakings in the EEA ⁽²⁾	0	1	0	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
Branch offices of management companies of collective investment undertakings outside the EEA ⁽²⁾	0	0	0	3
Collective investment undertakings	0	0	0	53
Total	107	120	126	

⁽¹⁾ Cf. glossary

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

<i>Non-financial professions</i> ⁽¹⁾	2011	2012	2013	discl. pers. / inst.
Notaries	158	224	312	1.172
Accounting and tax professions	39	39	67	10.416
Real estate agents	13	9	39	8.800
Company auditors	9	11	19	1.050
Casinos	9	9	9	9
Bailiffs	3	3	6	550
Lawyers	1	7	5	16.344
Dealers in diamonds	3	1	1	1.800
Security companies	1	1	1	8
Total	236	304	459	

⁽¹⁾ Cf. glossary

2.6. Geographical breakdown of notifications

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.

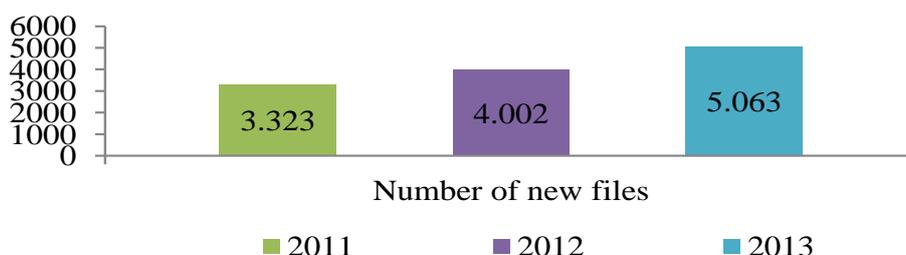
Judicial district	2011	2012	2013	% 2013
Brussels	10.248	10.382	11.601	52,15
Antwerpen	3.253	3.339	3.353	15,07
Gent	953	905	946	4,25
Liège	963	931	902	4,05
Brugge	686	826	769	3,46
Charleroi	553	606	739	3,32
Kortrijk	306	314	439	1,97
Hasselt	341	410	430	1,93
Mons	298	336	427	1,92
Tongeren	307	315	375	1,69
Dendermonde	175	277	310	1,39
Namur	241	256	287	1,29
Nivelles	136	235	266	1,20
Leuven	200	204	224	1,01
Verviers	210	284	219	0,98
Turnhout	136	161	188	0,85
Mechelen	148	141	152	0,68
Tournai	147	125	148	0,67
Oudenaarde	44	46	101	0,45
Huy	18	30	68	0,31
Dinant	62	48	64	0,29
Arlon	27	38	52	0,23
Veurne	35	33	45	0,20
Eupen	30	27	44	0,20
Ieper	24	28	43	0,19
Neufchâteau	9	16	35	0,16
Marche-en-Famenne	13	12	18	0,09
Total	19.563	20.325	22.245	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 received, 5,063 new files were opened in 2013. This a sharp increase (25%) compared to 2012.

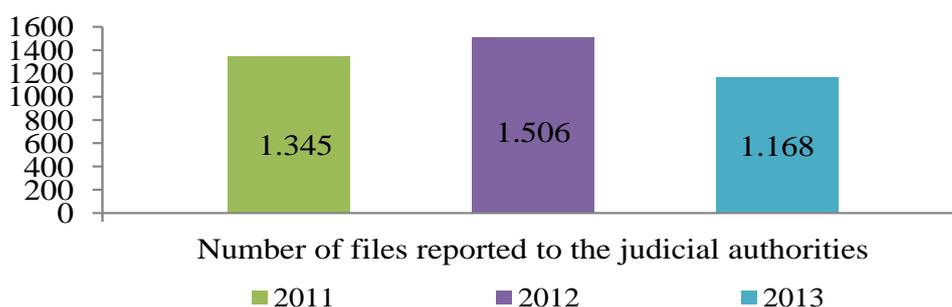


This increase results from a rise in the number of new files received from credit institutions (some 800 files more in 2013 than in 2012) and a larger number of new files from tax and accounting professions (65 files more than in 2012) and notaries (cf. page 15).

With regard to the notifications from notaries, this increase can largely be attributed to improved compliance with Article 20 of the Law of 11 January 1993. This Article obliges notaries and real estate agents to notify CTIF-CFI of any payment or attempted payment of the sales price in cash (until 31 December 2013 this obligation only referred to payments over 10% of the sales price or EUR 5,000, since 1 January 2014 this legal obligation applies to all cash payments).

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

In 2013, 1,168 files were reported to the judicial authorities after CTIF-CFI's analysis revealed serious indications of money laundering or terrorist financing as defined in the Law of 11 January 1993. The reported files refer to files opened in 2013 as well as in previous years.



The number of files decreased in comparison with 2011 and 2012, but remained at the level of 2009 and 2010. A detailed analysis by predicate offence can be found on page 32.

3.3. Evolution of the number of closed files

Between 1 January 2013 and 31 December 2013, CTIF-CFI closed 2.967 files (opened on the basis of a suspicion of money laundering or terrorist financing) due to the lack of serious indications of money laundering or terrorist financing as defined by the Law of 11 January 1993. Even though this may seem to be a significant increase of closed files, the number of closed files follows the same upward trend as the number of those received.

Number of closed files ⁽¹⁾	
2011	1.555
2012	2.317
2013	2.967

⁽¹⁾ Cf. glossary



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 transactions if these should occur.

3.4. Evolution of the number of open files

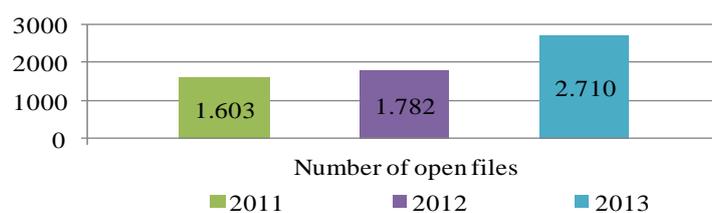
On 31 December 2013, 2.710 files based on a disclosure, which were opened in 2013 and in previous years, were still being processed.

Almost two thirds (or 62%) of the 2.710 files still being processed on 31 December 2013 were less than six months old, 40% was less than three months old. In other words, more than one in three files still being processed on 31 December 2013 was opened in the last three months of 2013.

Only 218 out of the files still being processed on 31 December 2013 were more than eighteen months old. The complexity and international nature of the constructions and methods used in these files explain why these 218 files were still being processed after eighteen months.

Number of open files ⁽¹⁾	
on 31 December 2011	1.603
on 31 December 2012	1.782
on 31 December 2013	2.710

⁽¹⁾ Cf. glossary



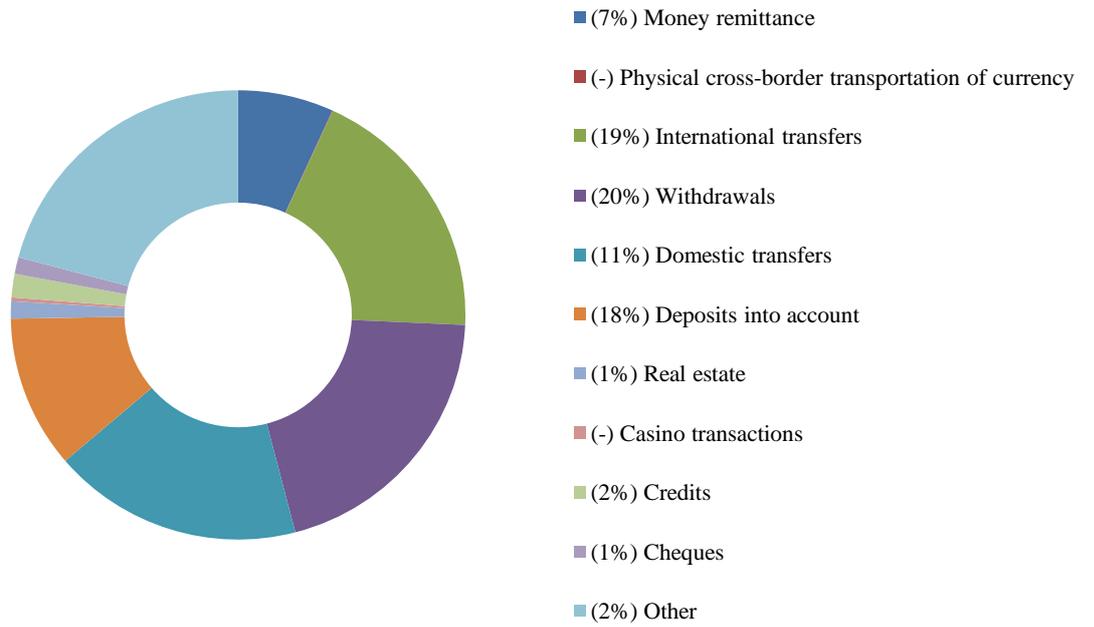
3.5. Breakdown of files by type of main transaction

Transactions ⁽¹⁾	2011	2012	2013	% 2013
Money remittance	409	448	319	6,81
Withdrawals	527	703	948	20,23
Physical cross-border transportation of currency ⁽²⁾	9	5	2	-
International transfers	600	639	884	18,86
Deposits into account	418	677	834	17,80
Real estate	47	52	58	1,24
Domestic transfers	255	362	515	10,99
Casino transactions	15	11	13	0,31
Credits	82	92	79	1,68
Securities	40	40	65	1,39
Cheques	54	73	56	1,20
Other	728	624	913	19,49
Total	3.184	3.726	4.686	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.

2013



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 2013, CTIF-CFI reported 1.168 new files to the judicial authorities for a total amount of EUR 796,79 million.

If after reporting⁷ a file CTIF-CFI receives new disclosures (additional disclosures⁸) 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 2013, CTIF-CFI reported a total of 5.061 disclosures (new files and additional reported files) to the judicial authorities for a total amount of EUR 1.179,76 million.

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

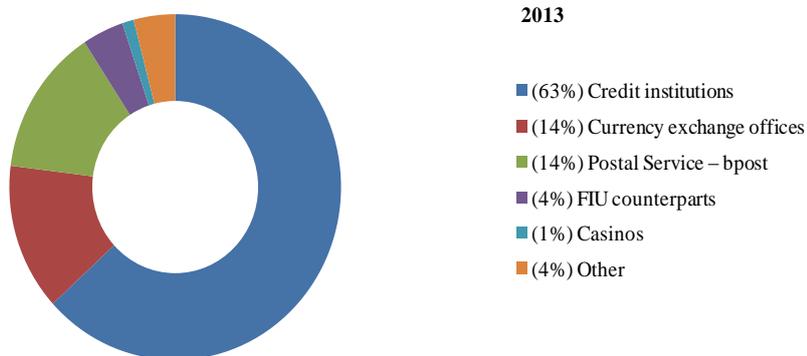
4.1. Number of new files reported to the judicial authorities by type of disclosing entity

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

	2011	2012	2013	% 2013
Credit institutions	835	934	733	62,76
Postal Service – <i>bpost</i>	199	207	160	13,70
Currency exchange offices and agents of payment institutions	210	241	159	13,61
FIU counterparts	41	52	47	4,02
Casinos	15	11	13	1,11
Notaries	8	14	7	0,60
Customs	9	5	2	0,17
Other	28	42	47	4,03
Total	1.345	1.506	1.168	100

⁷ Cf. glossary

⁸ 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

	2011	2012	2013	% 2013
Credit institutions	548,27	1.910,00	450,66	56,56
FIU counterparts	40,09	219,17	178,13	22,36
Federal Public Service Finance	0	0,18	85,47	10,73
Currency exchange offices and agents of payment institutions	37,61	42,93	21,89	2,75
Accounting and tax professions	8,74	5,38	17,40	2,18
Customs	1,62	1,68	13,72	1,72
Postal Service – <i>bpost</i>	16,94	17,55	12,89	1,62
Notaries	4,09	19,62	6,03	0,76
Casinos	1,42	3,80	2,33	0,29

Company auditors	2,77	30,56	-	-
Other	9,54	4,04	8,27	1,03
Total	671,09	2.254,91	796,79	100

⁽¹⁾ Amounts in million EUR

Breakdown of the disclosures reported to the judicial authorities in 2011, 2012 and 2013

	2011		2012		2013	
	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾
Credit institutions	1.805	763,77	1.993	2.133,59	1948	759,92
FIU counterparts	93	54,50	109	258,06	109	201,93
Federal Public Service Finance	-	-	1	0,18	5	86,36
Currency exchange offices	3.070	56,02	2.745	48,80	2.238	54,71
Postal Service – <i>bpost</i>	369	21,45	340	22,93	270	18,50
Accounting and tax professions	22	9,90	25	6,86	45	17,54
Customs	35	1,77	44	2,34	19	14,24
Notaries	28	7,47	52	22,83	40	7,20
Life insurance companies	16	25,91	23	2,92	13	3,77
Casinos	154	2,27	57	5,29	321	3,72
National Bank of Belgium	-	-	21	0,63	12	1,06
Company auditors	7	2,77	5	32,90	2	0,39
Other	35	31,81	61	4,44	39	10,42
Total	5.634	978,87	5.454	2.540,96	5.061	1.179,76

⁽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 related to VAT carousel fraud) it is very difficult to determine which part is laundered and which part consists of potentially fictitious commercial transactions.

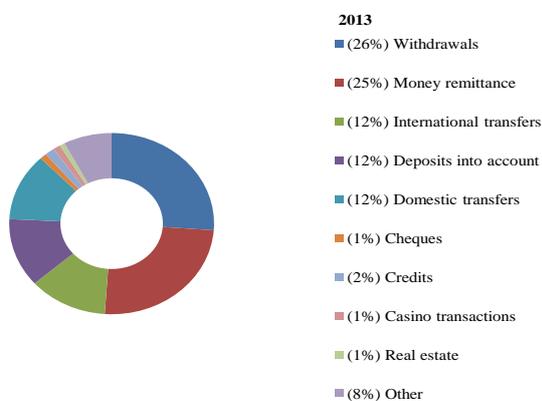
4.3. Breakdown of files reported to the judicial authorities by type of transaction

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

Type of transactions	2011	2012	2013	% 2013
Withdrawals	270	324	292	26,05
Money remittance	256	369	278	24,80
International transfers	175	207	139	12,40
Deposits into account	148	184	137	12,22
Domestic transfers	125	137	134	11,95
Credits	21	32	17	1,52
Casino transactions	15	11	13	1,16
Cheques	39	27	12	1,07
Real estate	7	16	9	0,80
Securities, precious metals	8	14	4	0,36
Physical cross-border transportation of currency ⁽²⁾	8	5	1	0,09
Other	232	128	85	7,58
Total	1.304	1.454	1.121	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.



Breakdown of files reported to the judicial authorities in 2011, 2012 and 2013 by type of transaction⁽¹⁾

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

Type of transactions	2011		2012		2013	
	Number	Amount ⁽²⁾	Number	Amount ⁽²⁾	Number	Amount ⁽²⁾
International transfers	388	284,13	451	485,33	471	305,36
Withdrawals	511	129,79	601	134,29	629	213,80
Domestic transfers	262	190,59	299	117,38	293	104,42
Money remittance	2.879	54,51	2.744	37,05	2.240	59,25
Deposits into account	251	56,83	315	108,83	311	58,41
Credits	56	9,70	98	18,12	75	20,37
Cheques	70	12,14	51	19,49	32	19,00
Real estate	28	14,63	53	23,07	39	7,75
Casino transactions	154	2,27	57	5,29	320	3,72
Physical cross-border transportation of currency ⁽³⁾	34	1,74	44	2,34	19	0,57
Securities	15	3,90	16	1,37	10	0,45
Withdrawals / sale of precious metals	-	-	8	984,66	-	-
Other	893	164,14	608	345,68	513	184,73
Total	5.541	924,37	5.345	2.282,9	4.952	977,84

⁽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 stage⁹ of the money laundering process has changed over the years. Money launderers adapt their methods as the preventive¹⁰ AML/CFT system is expanded and becomes more effective.

Over the years, CTIF-CFI has found that money launderers limit placement transactions in countries with effective money laundering prevention (such as Belgium), and carry out layering and integration transactions. The figures for 2013 below confirm this finding.

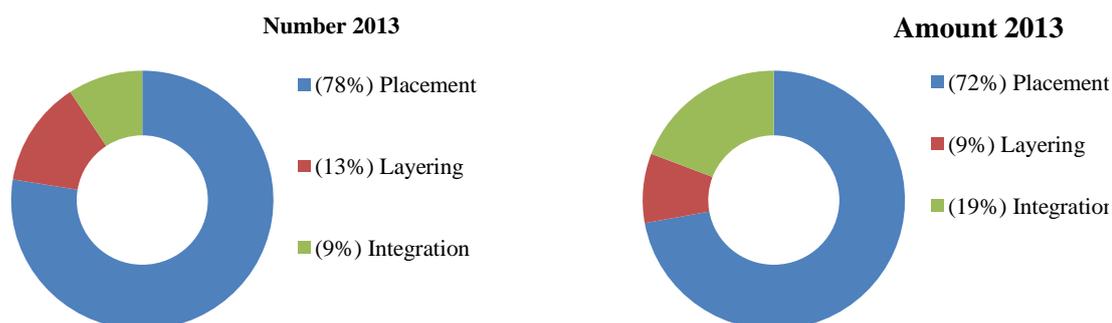
In terms of reported amounts, the share of the first money laundering stage (placement) has dropped from 18,07 % in 2012 to 8,67 % in 2013. The share of the third money laundering stage (integration) rose from 15,47 % in 2012 to 19,18 % in 2013 (i.e. nearly one in five files reported to the judicial authorities in Belgium is part of the integration stage).

	Number of reported files				Reported amounts ⁽¹⁾			
	2012	% 2012	2013	% 2013	2012	% 2012	2013	% 2013
Placement ⁽²⁾	128	8,50	154	13,18	407,35	18,07	69,05	8,67
Layering ^{(2) (3)}	1.215	80,68	905	77,48	1.497,60	66,42	574,70	72,13
Integration ⁽²⁾	158	10,49	108	9,25	348,85	15,47	152,84	19,18
Money laundering attempt	5	0,33	1	0,09	1,11	0,05	0,20	0,02
Total	1.506	100	1.168	100	2.254,91	100	796,79	100

⁽¹⁾ Amounts in million EUR

⁽²⁾ Cf. glossary

⁽³⁾ In 2012, this included cash withdrawals following the sale of precious metals (gold) for EUR 1 billion, considered to be layering transactions.



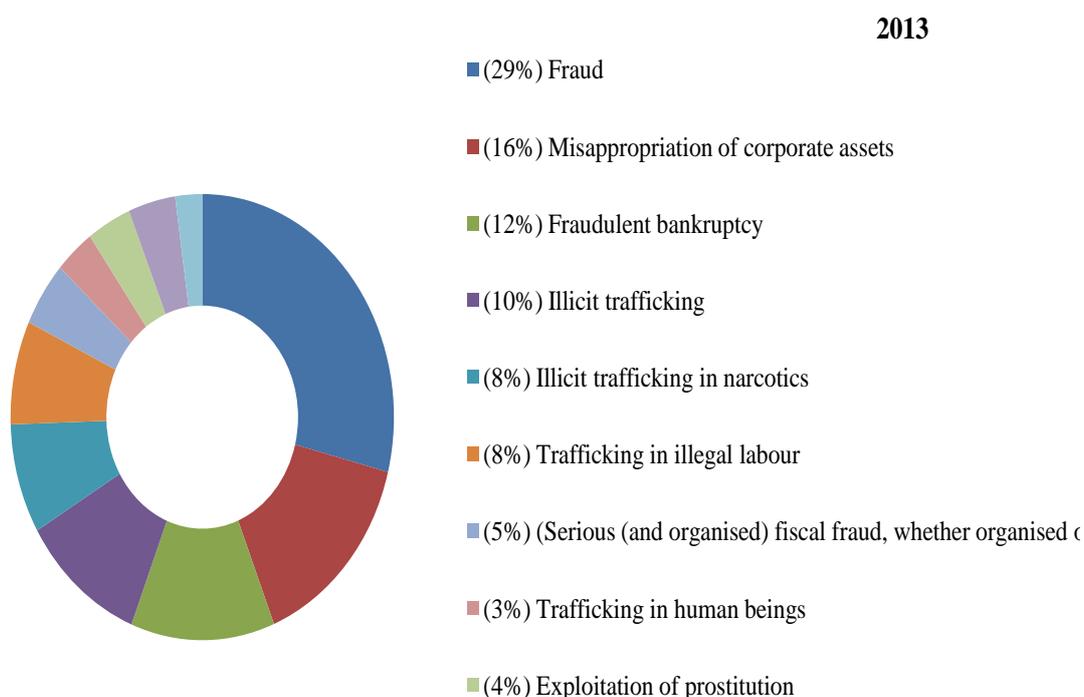
⁹ Cf. glossary

¹⁰ Cf. glossary

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

Predicate offence	2011	2012	2013	% 2013
Fraud	343	426	320	27,40
Misappropriation of corporate assets	155	170	165	14,13
Fraudulent bankruptcy	137	194	134	11,47
Illicit trafficking in arms, goods and merchandise	136	164	116	9,93
Illicit trafficking in narcotics	114	118	88	7,53
Trafficking in illegal labour	92	86	83	7,11
Serious (and organised) fiscal fraud, whether organised or not ⁽¹⁾	71	59	52	4,45
Organised crime	43	87	44	3,77
Exploitation of prostitution	49	36	41	3,51
Trafficking in human beings	70	54	37	3,17
Terrorism, terrorist financing, including proliferation financing	22	20	25	2,14
Breach of trust	29	31	21	1,80
Theft or extortion	36	32	19	1,63
Embezzlement and corruption	23	15	9	0,77
Other	25	14	14	1,19
Total	1.345	1.506	1.168	100

⁽¹⁾ Since the Law of 15 July 2013 amending the Law of 11 January 1993 came into force.



The number of files related to fraud (320) may have decreased in 2013 compared to 2012 (some 100 fewer files), regrettably this does not mean that offences such as phishing, hacking and other types of online fraud would be diminishing, quite the contrary.

It should be noted that this decrease mainly results from CTIF-CFI's decision in 2013 to close a large number of disclosures based on bank requests. CTIF-CFI believed sending this information to the judicial authorities a second time would not be of any added value to the judicial investigation.

The same trend emerges as to the number of reported files based on disclosures from currency exchange offices, payment institutions or the Postal Service *bpost*, these organisations also offer money remittance services.

As stated in CTIF-CFI's Annual Report 2012, the number of files related to fraudulent bankruptcy is closely linked to the economic climate. The explanation for the drop in the number of files related to fraudulent bankruptcy (60 fewer files) can be found in a slight recovery of the Belgian economy.

The number of files related to illicit trafficking in arms, goods and merchandise also decreased compared to 2012, which was an exceptional year in this respect.

Just as in 2012, the number of files related to illicit trafficking in narcotics fell (88 files and a total amount of EUR 9,45 million in 2013 compared to 118 files and a total amount of EUR 12,51 million in 2012). This finding is worrying for a multitude of reasons.

Vast seizures of narcotics in recent years confirm that illicit trafficking in narcotics remains an important problem in Belgium and the world, and undoubtedly gives rise to money laundering.

Seizures of narcotics increasingly involve the seizure of cash as well. These days transactions aimed at laundering the proceeds of drug trafficking are less commonly carried out through traditional banking channels but through the underground cash economy, which is much less visible.

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	2011	2012	2013	% 2013
Serious (and organised) fiscal fraud, whether organised or not ⁽²⁾	97,73	190,25	424,57	53,28
Misappropriation of corporate assets	145,28	55,99	93,50	11,73
Fraudulent bankruptcy	65,20	76,69	62,88	7,89
Trafficking in illegal labour	43,57	45,31	51,41	6,45
Illicit trafficking in arms, goods and merchandise	112,78	264,38	41,56	5,22
Fraud	52,80	429,35	29,44	3,69
Organised crime	23,28	1.048,60	24,87	3,12
Counterfeiting products	36,06	4,34	13,66	1,71
Trafficking in human beings	12,12	16,43	12,99	1,63
Illicit trafficking in narcotics	24,36	12,51	9,45	1,19
Provision of investment, foreign exchange or fund transfer services without authorization	14,97	6,75	6,91	0,87
Breach of trust	7,47	7,95	6,39	0,80
Exploitation of prostitution	6,73	5,10	6,36	0,80
Embezzlement and corruption	23,35	84,32	6,06	0,76
Terrorism and terrorist financing, including proliferation financing	1,97	1,90	2,57	0,32
Other	3,42	5,04	4,17	0,54
Total	671,09	2.254,91	796,79	100

⁽¹⁾ Amounts in million EUR

⁽²⁾ Since the Law of 15 July 2013 amending the Law of 11 January 1993 came into force.

Breakdown by predicate offence in files reported to judicial authorities in 2011, 2012 and 2013

Predicate offence	2011		2012		2013	
	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾
Organised crime	298	28,15	358	1.072,23	349	35,57
Fraud	1.232	90,82	1.209	437,99	722	68,27
Illicit trafficking in arms, goods and merchandise	865	131,21	734	327,61	536	86,73
Serious (and organised) fiscal fraud, whether organised or not ⁽²⁾	326	249,25	228	276,89	591	557,94
Fraudulent bankruptcy	472	84,59	424	112,19	439	94,86
Embezzlement and corruption	71	34,45	88	91,69	66	19,55
Misappropriation of corporate assets	308	179,15	315	72,35	453	134,71
Trafficking in illegal labour	744	60,46	468	69,65	504	84,88
Illicit trafficking in narcotics	472	28,19	526	19,34	443	13,24
Trafficking in human beings	204	14,59	364	18,88	256	21,69
Breach of trust	45	7,49	83	13,32	61	8,81
Exploitation of prostitution	251	7,22	354	7,45	272	8,93
Terrorism and terrorist financing, including proliferation financing	123	5,77	130	4,18	126	7,07
Counterfeiting products	-	-	7	4,34	11	22,18
Counterfeiting bank notes or coins	-	-	4	0,03	59	0,06
Theft or extortion	97	1,73	132	2,77	122	2,32
Other	197	90,25	41	14,42	51	12,95
Total	5.634	978,87	5.454	2.540,96	5.061	1.179,76

⁽¹⁾ Amounts in million EUR

⁽²⁾ Since the Law of 15 July 2013 amending the Law of 11 January 1993 came into force.

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 2011, 2012 and 2013.

Nationality	2011	2012	2013	% 2013
Belgian	704	881	594	50,86
Dutch	63	70	51	4,37
French	70	69	47	4,02
Turkish	31	25	30	2,57
Congolese (DRC)	22	29	22	1,88
Brazilian	28	21	21	1,80
Italian	29	26	21	1,80
Portuguese	25	33	21	1,80
Moroccan	39	27	18	1,54
Cameroonian	20	15	17	1,46
Romanian	21	15	16	1,37
Bulgarian	21	14	15	1,28
Russian	18	19	11	0,94
Albanian	8	7	9	0,77
German	12	11	9	0,77
British	15	16	6	0,51
Algerian	3	5	5	0,43
Chinese	7	5	5	0,43
Congolese	5	6	5	0,43
Nigerian	25	17	5	0,43
Pakistani	9	7	5	0,43
Polish	7	7	5	0,43
Angolan	8	3	4	0,34
Israeli	2	3	4	0,34
Spanish	7	8	4	0,34
Greek	3	6	3	0,26
Ivorian	4	22	3	0,26
Other	139	139	212	18,14
Total	1.345	1.506	1.168	100

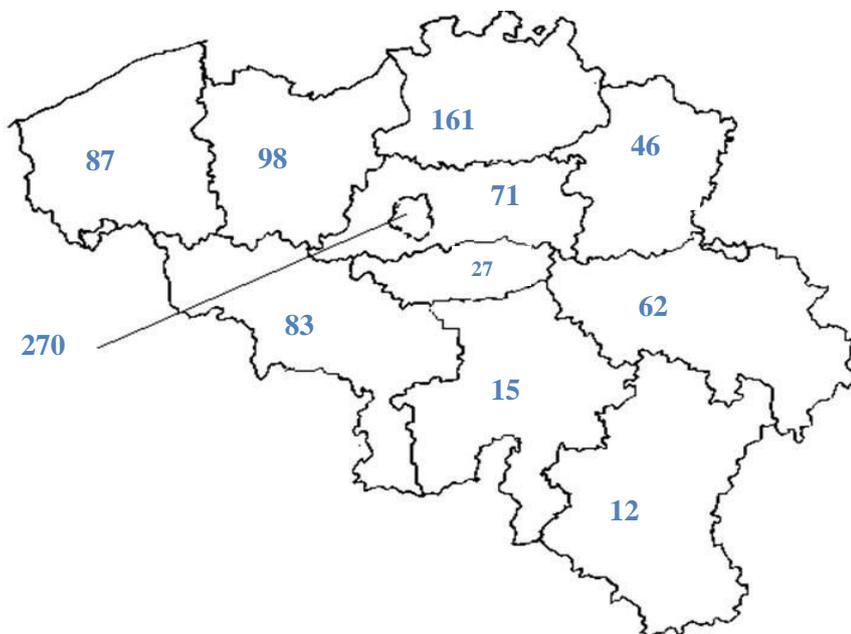
4.8. Breakdown of files reported to the judicial authorities by place of residence of the main person involved

The tables below provide the breakdown by place of residence of the main person involved in the 1.168 files reported to the judicial authorities in 2013.

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 894 files reported to the judicial authorities.

	Number of files	%
Brussels	270	30,20
Antwerpen	161	18,01
Hainaut	83	9,28
Oost-Vlaanderen	98	10,96
Vlaams-Brabant	71	7,94
West-Vlaanderen	49	5,48
Liège	62	6,94
Limburg	46	5,15
Namur	15	1,68
Brabant Wallon	27	3,02
Luxembourg	12	1,34
Total	894	100



4.8.2. Residence abroad

The table below presents the breakdown for the 142 files reported to the judicial authorities in 2013 in which the main individual involved resided abroad.

Country of residence	from 1 January until 31 December 2013	%
France	36	25,35
Netherlands	20	14,08
Romania	8	5,63
Spain	8	5,63
Bulgaria	7	4,93
Italy	5	3,52
Nigeria	5	3,52
Tunisia	5	3,52
Germany	4	2,82
Côte d'Ivoire	3	2,11
United Kingdom	3	2,11
Cyprus	2	1,41
Democratic Republic of the Congo	2	1,41
Ghana	2	1,41
Greece	2	1,41
Hong Kong	2	1,41
Luxembourg	2	1,41
Poland	2	1,41
Russia	2	1,41
Other	22	15,50
Total	142	100

The individuals are mostly Belgian (50,86 %), 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 judicial authorities, although fewer than last year.

4.9. Breakdown by Public Prosecutor's Office of files reported to the Public Prosecutor between 1 December 2009 and 31 December 2013 and follow-up action by the judicial authorities¹¹

Public Prosecutor's Office	Total	%	Conv. ⁽¹⁾	Ref.	Inv.	Dis.	FJA	Clos	Enq.
Brussels	2318	36,81%	37	13	78	2	19	1229	940
Antwerpen	892	14,17%	22	14	34	6		566	250
Gent	300	4,76%	12	13	5	1		134	135
Liège	278	4,41%	6	10	29		2	108	123
Charleroi	269	4,27%	1	2	14		2	58	192
Federal Public Prosecutor's Office	222	3,53%	4	4	10	2	2	68	132
Dendermonde	208	3,30%	4	6	13			76	109
Hasselt	179	2,84%	7	5	3			126	38
Turnhout	166	2,64%	4	4	7	1		105	45
Brugge	165	2,62%	8	7	10		1	74	65
Tongeren	162	2,57%	8	5	11			71	67
Mons	155	2,46%	1	1	8			40	105
Kortrijk	138	2,19%	7	2	2	2	4	64	57
Leuven	119	1,89%	3	3	5			39	69
Tournai	113	1,79%	4	4	7		3	28	67
Namur	112	1,78%	1	4	8			25	74
Nivelles	94	1,49%		1	3			20	70
Mechelen	85	1,35%	1	2	3			9	70
Oudenaarde	58	0,92%			1			31	26
Verviers	51	0,81%	1	1	1			23	25
Arlon	43	0,68%			1		3	4	35
Eupen	33	0,52%			1		5	9	18
Dinant	29	0,46%	1	1	4			9	14
Huy	27	0,43%	1	2	2			10	12
Veurne	26	0,41%	1	1	2		1	10	11
Ieper	25	0,40%	4	2		2		8	9
Marche-en-Famenne	16	0,25%	1		4			2	9
Neufchâteau	14	0,22%	1		1			4	8
Total	6.297	100	140	107	267	16	42	2.950	2.775

⁽¹⁾ Some of these judgments are not final.

Key:

- Conv. : conviction
- 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

¹¹ This table was drawn up based on the information and the copies of judgments held by CTIF-CFI on 15 January 2014 and that were spontaneously sent to CTIF-CFI in accordance with Article 33 § 6.

4.10. Freezing orders CTIF-CFI – judicial seizures

The table below shows the total amounts frozen by CTIF-CFI in 2013, 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 2013 in files that CTIF-CFI reported to the judicial authorities as "emergency" files.

"Emergency" files are files in which CTIF-CFI issued a freezing order, as well as those for which a freezing order was not issued, but where large amounts of money could still be seized.

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 (no immediate withdrawals).

Public Prosecutor's Office	Freezing orders CTIF-CFI Total amount 2013 ⁽¹⁾	Judicial seizures Total amount 2013 ⁽¹⁾
Antwerpen	400.000,00	769.754,28
Brugge	201.683,49	201.683,49
Brussels	2.282.312,67	1.732.386,87
Charleroi	61.482,90	63.479,77
Dendermonde	-	619.770,92
Gent	137.552,32	250.001,35
Hasselt	160.000,00	-
Liège	819.334,90	395.695,64
Mechelen	2.404.218,04	70.000,00
Mons	749.095,79	1.500.000,00
Namur	-	50.092,86
Oudenaarde	-	792.335,70
Tongeren	56.000,00	55.300,62
Tournai	1.328.587,21	1.859.310,42
Turnhout	-	76.956,62
Total	8.600.267,32	8.436.768,54

⁽¹⁾ Amounts in EUR

In 2013, CTIF-CFI froze a transaction on one occasion without subsequently reporting this case to the judicial authorities, for a total amount of EUR 3.740.372.

4.11. Judicial follow-up – fines and confiscations

The table¹² below 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 (2009 to 2013) and of which CTIF-CFI was informed. 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, which account for more than 50% of the reported files. Moreover, for some decisions an appeal was lodged.

	Fines 2009 to 2013⁽¹⁾	Confiscations 2009 to 2013⁽¹⁾	Total⁽¹⁾
Antwerpen	868.604,00	8.032.644,00	8.901.248,00
Brugge	962.430,00	19.959.902,00	20.922.332,00
Brussels	1.281.346,00	38.875.612,00	40.156.958,00
Charleroi	250.907,00	11.756.631,00	12.007.538,00
Dendermonde	38.500,00	2.326.599,00	2.365.099,00
Dinant	146.800,00	411.490,00	558.290,00
Eupen	7.700,00	130.320,00	138.020,00
Gent	1.721.997,00	2.034.229,00	3.756.226,00
Hasselt	1.259.475,00	335.977,00	1.595.452,00
Huy	11.000,00	95.020,00	106.020,00
Ieper	19.800,00	11.105,00	30.905,00
Kortrijk		4.290,00	4.290,00
Leuven	7.500,00	-	7.500,00
Liège	23.742,00	1.343.656,00	1.367.398,00
Marche-en-Famenne	11.000,00	75.000,00	86.000,00
Mechelen	37.395,00	372.805,00	410.200,00
Mons	1.706.638,00	29.223.990,00	30.930.628,00
Namur	8.250,00	742.927,00	751.177,00
Nivelles	752.525,00	9.630.741,00	10.383.266,00
Oudenaarde	2.000,00	7.650,00	9.650,00
Tongeren	292.957,00	7.661.512,00	7.954.469,00
Tournai	210.270,00	4.298.922,00	4.509.192,00
Turnhout	212.787,00	18.581.275,00	18.794.062,00
Verviers	5.000,00	358.214,00	363.214,00
Veurne	5.500,00	2.511.857,00	2.517.357,00
Total	9.844.123,00	158.771.263,00	168.615.386,00

⁽¹⁾ Amounts in EUR

¹² This table was drawn up based on the information and the copies of judgments held by CTIF-CFI on 15 January 2014 and that were spontaneously sent to CTIF-CFI in accordance with Article 33 § 6.

IV. 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 after typological¹³ and strategic¹⁴ analysis of the files reported to the judicial authorities in 2013.

For the most relevant predicate offences the description of money laundering and terrorist financing trends includes an overview of specific statistics and financial flows¹⁵, illustrated by one or more cases. The trend analysis is based on the files reported to the judicial authorities in 2013. 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 the fight against terrorism and terrorism financing are some of the government's main priorities in terms of security¹⁶. 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 2013. They include a geographical breakdown by Public Prosecutor's Office.

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.

¹³ Cf. glossary

¹⁴ Cf. glossary

¹⁵ Cf. glossary

¹⁶ Cf. *Nationaal veiligheidsplan 2012-2015 – Samen zorgen voor een veilige en leefbare samenleving* [National Security Plan 2012-2015 – Ensuring a secure and liveable society together]
<http://www.polfed-fedpol.be/pub/pdf/NVP2012-2015.pdf>

2. Specific offences

2.1. Serious (and organised) fiscal fraud, whether organised or not¹⁷

2.1.1. Statistics

In 2013, CTIF-CFI reported 52 files to the judicial authorities because of serious indications of laundering the proceeds of serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension, from 15 July 2013 of serious fiscal fraud, whether organised or not.

Until the Law of 15 July 2013 on urgent fraud prevention measures amending Article 5 of the Law of 11 January 1993 came into force, there were two types of files where the national treasury or the treasury of another country was defrauded, mainly related to serious and organised fiscal fraud:

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

The latter may have involved complex European and/or international constructions. Legal, economic and financial manoeuvres were also frequently used in the money laundering cycle.

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, tax havens,...). They often involve large amounts of money.

Since the Law of 15 July 2013 came into force, Article 5 of the Law of 11 January 1993 refers to serious fiscal fraud, whether organised or not.

The preparatory parliamentary proceedings of the Law of 15 July 2013 on urgent fraud prevention measures (Belgian Federal Parliament – Doc 53 2763/001 – page 5) stated that the seriousness of the tax crime can be judged based on the production and/or the use of forged documents, as well as the large amount of a transaction and the unusual nature of this amount in view of the customer's activities or assets, as well as the occurrence of one of the indicators of the Royal Decree of 3 June 2007.

The table below shows that the number of files reported to the judicial authorities remained stable in 2013 but, by contrast, the amount rose sharply.

This is because some files involving large amounts were reported to the judicial authorities. Two of these files are illustrated in the section "Cases" below. The analysis of the financial flows also sheds light on the files reported to the judicial authorities in 2013.

Money laundering files related to fiscal fraud are becoming increasingly important compared to other predicate offences. On 31 December 2013, these files alone accounted for more than half of the reported amounts. One should nevertheless bear in mind that money laundering and fiscal fraud may conceal other transactions intended to launder the proceeds of other serious offences.

¹⁷ Pursuant to the Law of 15 July 2013 on urgent fraud prevention measures, the term serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension was replaced by the term serious fiscal fraud, whether organised or not.

	2011	2012	2013	% 2013
Number of files	71	59	52	4,45
Amounts ⁽¹⁾	97,73	190,25	424,57	53,28

⁽¹⁾ Amounts in million EUR

Breakdown according to type of fraud in 2013

Even though the number of files related to VAT carousel fraud has continued to fall in recent years, there was another rise in 2013 (5 files more). Fortunately, the amounts in these files are now quite insignificant.

	Number of files		Amounts ⁽¹⁾	
	2013	% 2013	2013	% 2013
Other fiscal fraud	40	76,92	411,21	96,85
VAT carousel fraud	12	23,08	13,36	3,15
Total	52	100	424,57	100

⁽¹⁾ Amounts in million EUR

Breakdown of files reported to the judicial authorities in 2013 involving VAT carousels by type of goods

	Number	Amounts ⁽¹⁾
Phone, computers, hi-fi and video	6	5,84
Cars and car parts	3	5,46
Other	3	2,06
Total	12	13,36

⁽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 2013 related to serious and organised fiscal fraud (whether organised or not) 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 46,15 % of the files, also representing the largest laundered amount, to the Public Prosecutor's Office in Brussels. Three files were sent to the Public Prosecutor's Office in Gent, for a total amount of EUR 139,71 million.

	Total number 2013	Total number %	Total amount 2013 ⁽¹⁾	Total amount %
Brussels	24	46,15%	204,83	48,24%
Gent	3	5,77%	139,71	32,91%
Leuven	4	7,69%	37,71	8,88%
Nivelles	1	1,92%	13,67	3,22%
Brugge	1	1,92%	6,05	1,43%
Turnhout	1	1,92%	5,59	1,32%

Liège	5	9,62%	5,53	1,30%
Antwerpen	4	7,69%	5,33	1,26%
Tournai	3	5,77%	3,24	0,76%
Ieper	1	1,92%	1,80	0,42%
Dendermonde	1	1,92%	0,60	0,14%
Charleroi	2	3,85%	0,23	0,06%
Oudenaarde	1	1,92%	0,18	0,04%
Kortrijk	1	1,92%	0,10	0,02%
Total	52	100	424,57	100

⁽¹⁾ Amounts in million EUR

2.1.3. Financial flows

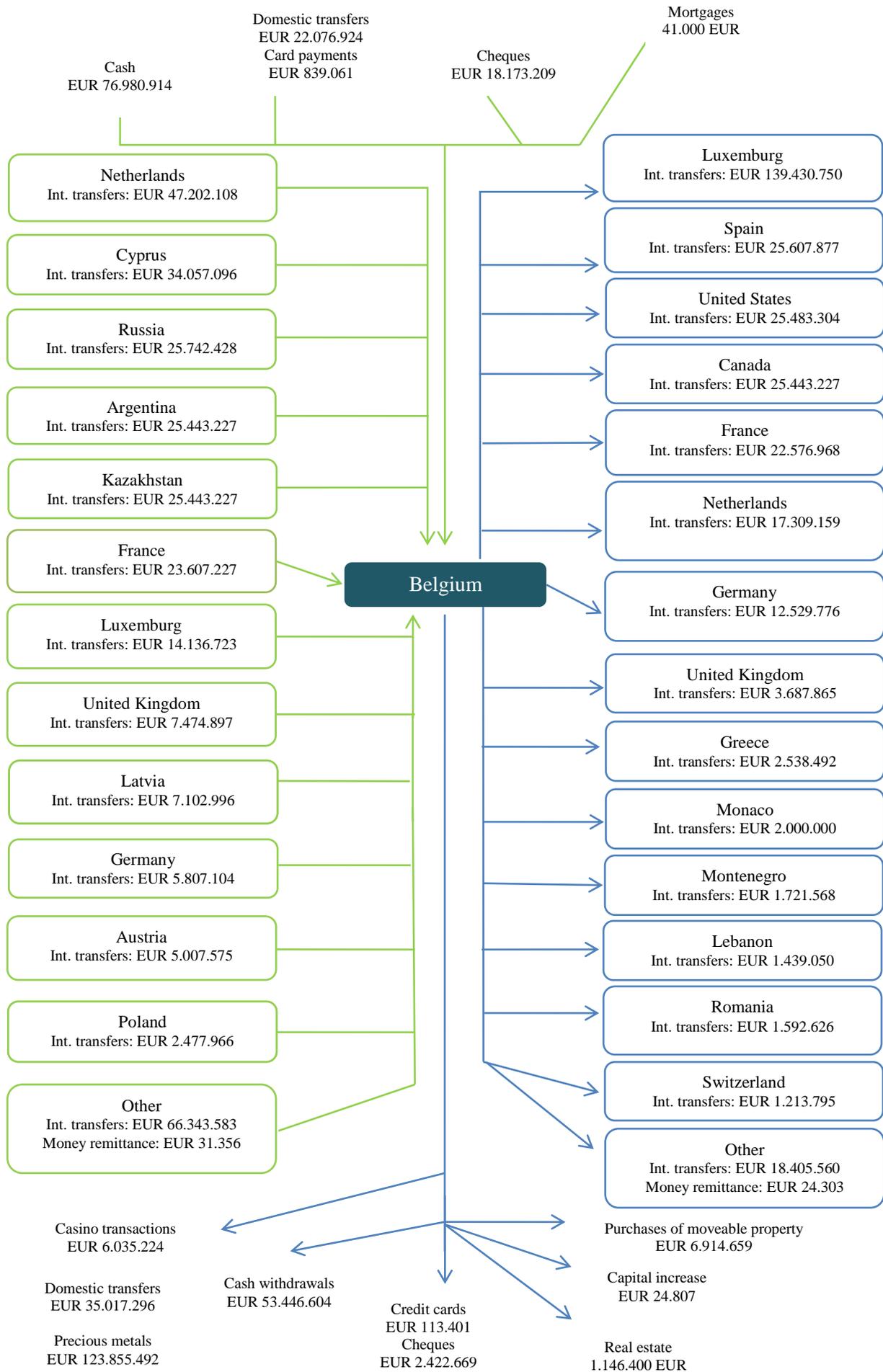
The financial flows illustrated below almost exclusively relate to laundering the proceeds of serious fiscal fraud other than VAT fraud. In 2013, just 3% of the total amount was reported to the judicial authorities because of VAT carousel fraud.

Cash (and the underground economy) continue to play a major role in fiscal fraud, as demonstrated by the importance of incoming cash (nearly EUR 80 million out of a total amount of EUR 430 million).

With regard to international transfers, Belgium's neighbouring countries (Germany, the Netherlands, France and Luxembourg) most commonly feature in files reported to the judicial authorities. A possible explanation for this trend is that fraudsters often invest their proceeds of tax crime in neighbouring countries. The two fiscal regularisation procedures set up in Belgium in 2013 could also account for the financial transactions from these neighbouring countries.

The financial flows also reveal international transfers from Cyprus worth in excess of EUR 34 million. Cyprus had many setbacks in 2013 as a financial centre, the financial system was insufficiently protected against dirty money. In March 2013, CTIF-CFI asked financial and non-financial professions to remain especially vigilant with regard to financial flows from Cyprus. The events in this country also significantly increased the risk of laundering of financial flows from Cyprus. This fears later turned out to be true.

In 2013, gold was used yet again to carry out money laundering transactions, for an amount of some EUR 125 million, primarily in one single file (cf. 2.1.4. Cases). It should nevertheless be noted that not all transactions were carried out in 2013, some date back to 2012 or before.



2.1.4. Cases

The first case below is a case opened by CTIF-CFI based on a disclosure received from Federal Public Service Finance pursuant to Article 33 § 3 of the Law of 11 January 1993. It demonstrates national cooperation is of great importance to money laundering and terrorist financing prevention.

Following an amendment of Article 33 of the Law of 11 January 1993 in 2012, officials of the administrative services of the State, trustees in a bankruptcy and temporary administrators who, in the course of their duties or in the course of their professional activities, discover facts that they know or suspect to be related to money laundering or terrorist financing are required to inform CTIF-CFI immediately.

Case 1: Fiscal fraud, tax havens and safe-haven investments

Offence	Money laundering Serious fiscal fraud, whether organised or not Organised crime
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Purchasing gold coins International transfers
Jurisdictions involved	Belgium, Greece, Panama, Cyprus, Seychelles, Liberia, Switzerland
Disclosing entities	Currency exchange offices Banks
Warning signals¹⁸	- Purchasing large quantities of gold - Transit accounts - Front companies - Offshore centres - Front men

Over a period of nearly ten years, a Greek national and his wife purchased many gold coins at various currency exchange offices in Belgium, for a total amount in excess of EUR 85.000.000.

The coins were shipped to Greece using a company specializing in secure transportation of valuables or were collected by the individuals in Belgium, who then took care of transport themselves.

Information received from the Greek tax authorities led to suspicions of fiscal fraud and money laundering. According to the Greek tax authorities, they owned and managed a Greek company trading in precious metals and gold.

However, this was not the company who paid for the gold coins in Belgium.

These purchases in Belgium were paid by international transfer by order of companies established in or with an account in Panama, Cyprus, the Seychelles, Liberia and Switzerland.

The ordering parties of these international transfers also included several companies whose beneficial owners were Greek nationals.

This enabled several Greek nationals, beneficial owners of companies ordering the international transfers, to use part of the money invested in tax havens to buy gold in Belgium, receive this gold in Greece directly, without having to carry out a transfer to an account in Greece or an account held by a Greek company or person.

¹⁸ Cf. glossary

Taking into account the method used, the amounts, the number of jurisdictions involved and the use of numerous offshore centres, CTIF-CFI deemed there were serious indications of laundering the proceeds of serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension and/or organised crime.

Case 2: Money laundering, fiscal fraud and sensitive sectors

Offence	Money laundering Serious fiscal fraud, whether organised or not
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits International transfers
Jurisdictions involved	Belgium, France
Disclosing entities	Banks
Warning signals	- Sensitive sector (football) - Transit accounts - Forged documents

Company A unexpectedly received a transfer of EUR 250.000 from an insurance company in France. Shortly afterwards, EUR 220.000 was withdrawn in cash, reference was made to “invoice X”. Subsequently, another EUR 3.000 was withdrawn and reference was made to “fees X”.

The individual X referred to above turned out to be a football agent. He was also an associate of Company A, at the time led by Y.

In Spain, X had previously been imprisoned and heavily fined for tax evasion. He is said to have used a “letterbox company” in the United Kingdom.

It was therefore quite probable that the funds on Company A’s Belgian account were the proceeds of fiscal fraud. The funds were subsequently withdrawn in cash, so they could not be traced.

Given that Company A was led by Y at the time, who also had power of attorney on the account on which the transactions were carried out and their professional ties, it was highly likely that Y played an active role in this structure.

In this same period, Z’s personal account, on which Y had power of attorney, received various transfers from W, using an account in Switzerland, for a total amount of EUR 230.000. EUR 100.000 was withdrawn in cash, EUR 40.000 was transferred to Y and EUR 30.000 to his wife.

Y, who was still vice-chair of a football club at the time, opened an account in the name of Z, one of the club’s players. According to Z and after analysis of the documents drawn up when the account was opened, it had indeed been opened without Z’s knowledge. Y even submitted a written statement to the bank. These documents may even have been forged. The account was subsequently closed.

In this same period the account of Company B, also managed by Y, received a transfer of EUR 12.000 from Switzerland by order of W, with reference to an invoice. The corporate goals included “assisting, promoting and managing artists and athletes”.

Y’s personal account was used to deposit EUR 20.000 in cash and W transferred EUR 260.000 from Switzerland. This time reference was made to the purchase of a work of art. Three days later, EUR 290.000 was withdrawn in cash, also referring to the purchase of art.

It is remarkable that these transactions on Y's account only took place when Z's account had already been closed.

Police information showed that Y was not officially registered as a football agent but nevertheless operated as an agent, focusing on the Brazilian market. It was striking that the players involved were also from Brazil.

In total, Y received in excess of EUR 500.000 from W. The latter may have been a Brazilian football player for whom Y acted as agent. These funds were transferred to an account held by Z, a Brazilian football player who played for a team managed by Y. Z claimed to be completely unaware of these transactions. The account was managed by Y. This way Y created a buffer between the funds and himself. Forged documents may even have been used.

The transactions took place in 2011 and 2012, when Y only declared payment of pensions to the Belgian tax authorities, i.e. he did not have any professional income. The close ties with X, an agent with a previous conviction for tax evasion and his role in Company A are also worth mentioning. A large part of the funds was withdrawn in cash, thus concealing their destination.

2.2. Fraudulent bankruptcy and misappropriation of corporate assets

2.2.1. Statistics

The number of files reported to the judicial authorities for fraudulent bankruptcy or misappropriation of corporate assets has been on the rise since 2007 and the onset of the economic crisis. In 2012, this number exceeded 350 and the number came down again for the first time in 2013.

As mentioned in the chapter on statistics the fall in the number of reported files is presumably related to a slight recovery of the Belgian economy. The amounts in files reported to the judicial authorities have remained stable over the years. Fraudulent bankruptcy and misappropriation of corporate assets came in second place in terms of the number of reported files and amounts.

	2011	2012	2013	% 2013
Number of files	292	364	299	25,60
Amounts ⁽¹⁾	210,48	132,68	156,38	19,62

⁽¹⁾ Amounts in million EUR

2.2.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2013 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 (31,44%), also accounting for the largest laundered amount, to the Public Prosecutor's Office in Brussels.

	Total number 2013	Total number %	Total amount 2012⁽¹⁾	Total amount %
Brussels	94	31,44%	59,54	38,07%
Charleroi	20	6,69%	14,19	9,07%
Tournai	12	4,01%	12,98	8,30%
Antwerpen	31	10,37%	11,80	7,55%
Nivelles	7	2,34%	9,49	6,07%
Dendermonde	13	4,35%	9,25	5,92%
Gent	17	5,69%	6,15	3,93%
Hasselt	15	5,02%	5,81	3,72%
Mons	15	5,02%	5,05	3,23%
Turnhout	9	3,01%	4,53	2,90%
Mechelen	7	2,34%	3,82	2,45%
Liège	12	4,01%	2,49	1,59%
Tongeren	5	1,67%	2,11	1,35%
Kortrijk	12	4,01%	1,94	1,24%
Eupen	2	0,67%	1,39	0,89%
Leuven	5	1,67%	1,34	0,86%
Brugge	7	2,34%	1,26	0,80%
Oudenaarde	3	1,00%	0,97	0,62%
Verviers	3	1,00%	0,83	0,53%
Namur	4	1,34%	0,50	0,32%
Huy	2	0,67%	0,32	0,20%
Dinant	1	0,33%	0,31	0,20%
Marche-en-Famenne	1	0,33%	0,18	0,11%
Neufchâteau	1	0,33%	0,07	0,05%
Arlon	1	0,33%	0,06	0,04%
Total	299	100	156,38	100

⁽¹⁾ Amounts in million EUR

2.2.3. Cases

The first case describes the use of a “Limited” company for fraud and money laundering purposes.

Case 1: “Limited” companies and fraudulent bankruptcy

Offence	Money laundering Fraudulent bankruptcy Serious fiscal fraud, whether organised or not
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits (Inter)national transfers Cash withdrawals
Jurisdictions involved	Belgium, United Kingdom
Disclosing entities	Banks
Warning signals	- Use of “Limited” companies - Transit accounts - Offshore centres - Front companies

In this file, transactions were conducted between various transport and freight companies. Two of these companies (A and B) were managed by the same person (X).

Several unusual transactions took place on the accounts of both companies (A and B). Large sums were regularly transferred to a third company C and accounts held by X himself. All of these funds were subsequently withdrawn in cash. Company A’s and B’s accounts were used for cash withdrawals as well.

These suspicious financial flows continued until Company A went bankrupt. They may even have accelerated A’s bankruptcy and enabled X to conceal part of A’s assets to the detriment of the creditors.

It turned out that X had resigned as manager of Company B and transferred nearly all of this shares to a front man just before Company A went bankrupt. His aim was to remain in the background and remain discreet when Company A gradually went bankrupt.

According to the Federal Public Service Finance, Company A had some EUR 1 million in tax arrears (payroll tax, corporation tax, VAT). X also had nearly EUR 800.000 EUR in tax arrears.

Companies A and C were both Limited partnerships under Belgian Law [*Société en Commandite Simple*] with Limited companies in the United Kingdom as associates. Furthermore, the registered offices of these four Limited companies were located at the same address in the United Kingdom, which led to suspect that these were “letterbox companies”.

Both CTIF-CFI and the Federal Public Service Finance found that this type of companies was used in fraud and laundering schemes.

By using Limited partnerships under Belgian Law [*Société en Commandite Simple*] with Limited companies as associates some requirements, such as the minimum start-up capital, could be circumvented. The beneficial owners were also able to remain anonymous.

Apart from the Limited partnership under Belgian Law (Belgian operating company), two Limited companies were established, which were registered as holding or trading company in the United Kingdom. These companies acted as limited or general partners in the Belgian Limited partnership.

By designating a Limited company as the general partner of a Limited partnership under Belgian Law, the basic role of a general partner (i.e. full responsibility of the general partner with regard to the company’s creditors) was circumvented.

One single natural person may have control over such company, who, by means of bearer shares of a coordination holding or a Limited company, can even remain anonymous. This coordination holding may be located in the United Kingdom, but is often relocated to offshore centres, offering even more anonymity.

Company A’s and the manager’s high tax arrears, combined with the recent bankruptcy, substantiated that this type of company was used for fraudulent purposes.

Case 2: Misappropriation of corporate assets and fiscal fraud

Offence	Money laundering Misappropriation of corporate assets Serious fiscal fraud, whether organised or not
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	International transfers
Jurisdictions involved	Belgium, Democratic Republic of the Congo, South Africa
Disclosing entities	Banks
Warning signals	- Transit accounts - Front companies - No economic rationale

The transactions in this file were related to the supply of oil products and were carried out by three companies trading in these products (A and two South African companies, B and C).

Suspicious transactions were identified on the Belgian account of a Burundian national (X) residing in Burundi. The transactions on the account were unusual, it was probably used as a transit account.

International transfers worth in excess of USD 6 million were carried out, mainly from Company A using an account in the Democratic Republic of the Congo (2,5 million) and another company in Mauritius. These funds were consistently used to conduct international transfers to Company B and transfers to the United Arab Emirates.

Several transfers carried out by Company A in the Democratic Republic of the Congo were intended for the South African Company C instead of X, yet on the other hand the beneficiary account was actually X’s account. In spite of this anomaly, the transactions were nevertheless carried out.

In 2012, X’s account was also used to carry out numerous transfers to Company C, though for much smaller amounts than the debit transactions. This was also suspicious because, when considering the beneficiary’s name on most of the transfers (see above), the funds from Company A were intended for Company C and not B or X.

The fact that the bank authorized this transfer, without taking into account that the stated beneficiary and the actual holder of the account to which the money was transferred did not match, goes against the FATF’s recommended practices stating that “Countries should ensure that financial institutions include required and accurate originator information, and required beneficiary information, on wire transfers and related messages, and that the information remains with the wire transfer or related message throughout the payment chain. Countries should ensure that financial institutions monitor wire transfers for the purpose of detecting those which lack required originator and/or beneficiary information, and take appropriate measures. (...)”¹⁹

The debit transactions on X’s account consisted of various transfers to X’s relatives, including managers of the South African company C. In 2012, transactions were carried out for nearly USD 100.000. The use of several accounts to carry out these transactions was probably aimed at concealing the total amount of assets misappropriated from this South African company.

There was no direct link between X and the South African company C. X did have the same surname as this South African company’s managers.

There was no economic rationale for X to hold an account in Belgium. X was not officially registered in Belgium, did not have any role in Belgian companies, nor was X a sole trader. This account was not used for any transactions with Belgian counterparties.

The transactions were only carried out through Belgium to misappropriate part of the assets that belonged to company C.

2.3. Illicit trafficking in arms, goods and merchandise

2.3.1. Statistics

In 2013, CTIF-CFI reported 116 files after identifying serious indications of laundering the proceeds of illicit trafficking in arms, goods and merchandise. The money laundering transactions in these files had a total value of EUR 41,56 million or 5,22 % of the total amount of all reported amounts in 2013. Almost 10 % of the reported files were reported because of illicit trafficking in arms, goods and merchandise. 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 only comes in fifth place.

	2011	2012	2013	% 2013
Number of files	136	164	116	9,93
Amounts ⁽¹⁾	112,78	264,38	41,56	5,22

⁽¹⁾ Amounts in million EUR

¹⁹ International standards on combating money laundering and the financing of terrorism and proliferation, The FATF Recommendations, February 2012 (page 17). A detailed description of the term can be found on page 72: “Information accompanying all qualifying wire transfers should always contain: (i.a.) (d) the name of the beneficiary.”

Breakdown of the number of files reported to the judicial authorities in 2013 by type of illicit trafficking in goods and merchandise

Type of trafficking	from 1 January until 31 December 2013	Amounts⁽¹⁾
Telephone cards	7	21,89
Cars and car parts	68	4,96
Minerals, gold, precious stones and jewellery	7	4,28
Textile	4	3,62
Stolen goods	4	2,93
Counterfeit goods	5	0,91
Arms	4	0,17
Phones, computers, hi-fi, video	3	0,13
Tobacco, cigarettes and alcohol	1	0,03
Other	13	2,64
Total	116	41,56

⁽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 2013 related to illicit trafficking in 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 (49,14 %) to the Public Prosecutor's Office in Brussels.

	Total number 2013	Total number %	Total amount 2013⁽¹⁾	Total amount %
Brussels	57	49,14%	16,56	39,85%
Antwerpen	16	13,79%	14,01	33,70%
Charleroi	7	6,03%	0,87	2,10%
Liège	4	3,45%	3,05	7,34%
Turnhout	4	3,45%	0,41	0,98%
Nivelles	3	2,59%	0,20	0,49%
Namur	3	2,59%	0,33	0,80%
Gent	3	2,59%	0,54	1,31%
Tongeren	3	2,59%	0,53	1,28%
Verviers	3	2,59%	0,50	1,20%
Hasselt	2	1,72%	0,08	0,19%
Mons	2	1,72%	0,49	1,17%
Brugge	2	1,72%	0,08	0,20%
Leuven	2	1,72%	0,10	0,23%
Mechelen	2	1,72%	0,68	1,65%

Tournai	1	0,86%	2,70	6,49%
Neufchâteau	1	0,86%	0,03	0,06%
Oudenaarde	1	0,86%	0,40	0,96%
Total	116	100	41,56	100

⁽¹⁾ Amounts in million EUR

2.3.3. Cases

Case 1: Illicit trafficking in stolen metal

Offence	Money laundering Illicit trafficking in goods and merchandise (metal) Organised crime
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	International transfers Cash withdrawals
Jurisdictions involved	Belgium, Turkey
Disclosing entities	Banks
Warning signals	- Personal account used as a transit account - Large amounts withdrawn in cash - No economic rationale

The transactions carried out in 2012 on the personal account of a Turkish national living in Belgium (X) were unusual, as the account was almost exclusively used to receive large international transfers from Turkey, and most of this money was subsequently withdrawn in cash.

Over a period of a few months, Y conducted nearly fifty international transfers to X's personal account for a total amount of more than EUR 2.000.000. In this same period, a total amount of nearly EUR 2.000.000 was withdrawn in cash.

X was known to the police as leader of illegal trafficking in metal (copper) to the detriment of Company A. With the help of accomplices working for A, he fraudulently shipped containers with copper covered with a thin layer of iron. The aim was to ship these containers containing A's copper (one ton of copper is worth some EUR 7.000) by passing them off as scrap metal (worth some EUR 500 per ton).

It is worth noting that X was not a sole trader nor did he manage any similar company in Belgium. The financial transactions were carried out on his personal account.

Given the police information it can be deduced that the international transfers from Turkey were payments for metal (copper) exported by X to Turkey and embezzled from Company A. Cash withdrawals were used to keep this illegal network²⁰ running (paying for goods and intermediaries,...). Further investigation into the exact nature of this trafficking was hampered by using cash.

²⁰ Cf. glossary

Case 2: Money laundering and virtual currencies

Offence	Money laundering Illicit trafficking in goods and merchandise
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits International transfers
Jurisdictions involved	Belgium, Netherlands
Disclosing entities	Banks
Warning signals	- Bitcoins - Large cash transactions - No economic rationale

X was a Dutch national residing in the Netherlands who held personal accounts in Belgium, at a branch just over the Dutch border.

Cash was deposited on his personal account on eight occasions for a total amount of EUR 40.000, he also received a transfer from a Belgian watch maker (payment for a watch) and a transfer from A SERVICES for more than EUR 8.000, said to be a payment in Bitcoins.

The funds received were nearly always used to purchase luxury watches from renowned watch makers and auction houses, EUR 10.000 was also withdrawn in cash. Given the frequency and the nature of the cash deposits, it was highly likely that X purchased and sold luxury watches in Belgium. The use of a Belgian account facilitated these transactions. As the individual did not have the required company number in Belgium, this was a case of illicit trafficking in goods and merchandise.

New payment methods – Bitcoin

In 2013, CTIF-CFI once again examined new payment methods, with Bitcoins as one of the most well-known methods. The term “new payment methods” can be quite broad within the AML/CFT framework and can refer to any money transfer system using the Internet and/or the use of prepaid debit cards or mobile phones. In this regard “new payment methods” can clearly be distinguished from traditional payment methods made available by financial institutions through online banking.

The number of disclosures received by CTIF-CFI related to new payment methods is still fairly low for the time being. Even though the use of these systems has clearly been on the rise in recent years and their global use is increasing, the number of transactions still remains relatively insignificant compared to the number of transactions through traditional payment methods.

The emergence of new payment methods is a global evolution driven by rapid technological development, which cannot be halted. Because of their efficiency and low fixed costs there are many advantages for consumers. Furthermore, Internet-based payment systems can open up the economies of regions that do not have access to banking services. Payments by mobile phone have been widely used in several African and Asian countries for a number of years and are a viable alternative to transactions through the banking system.

Nevertheless, the general positive attitude towards new payment methods must not lead to an underestimation of the challenges they pose for financial supervisory authorities and other authorities. The cross-border nature and speed of transactions, potential anonymity of users and the lack of a legal framework are but some of the features of new payment methods that may entail a money laundering risk. Regulation and supervision are required, yet sometimes there is no global overview and countries often opt for a different approach of the issue.

As parties from different industries (finance, telecommunications,...) provide these services and also operate on a global scale, it is not always clear how supervision can be implemented. When offering these services, traditional financial institutions are subject to the AML system, resulting in a competitive disadvantage in comparison with certain new financial service providers who are not yet supervised or regulated for the time being.

Internationally, both the FATF and the Egmont Group have taken initiatives to study the money laundering risks of new payment methods and virtual currencies. In Belgium, CTIF-CFI worked closely with specialised departments of the Belgian Federal Police (the Directorate of Economic and Financial Crime – DJF, the Central office for combating economic and financial crime – OCDEFO and the Federal Computer Crime Unit – FCCU) and the National Bank of Belgium. CTIF-CFI responded to several parliamentary questions on Bitcoins, the most well-known new payment method. CTIF-CFI will continue to closely monitor developments of new payment methods or virtual currencies and related money laundering risks in the future.

2.4. Fraud

2.4.1. Statistics

As in previous years, fraud remains the main predicate offence in terms of the number of files reported to the judicial authorities. The share of files reported to the judicial authorities related to fraud (28%) is even greater than last year.

	2011	2012	2013	% 2013
Number of files	343	426	320	27,40
Amounts ⁽¹⁾	52,80	429,35	29,44	3,69

⁽¹⁾ Amounts in million EUR

It should be noted that the drop in the number of files reported to the judicial authorities related to fraud is largely a technical matter, as in 2013, CTIF-CFI decided to no longer report files based on a bank request if this would not result in any added value for the investigation.

Fraud nevertheless remains important due to the growth of the Internet.

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 were “Nigerian fraud” or “419-fraud”²¹, “date” or “romance scam”²² and “Sidi Salem” fraud²³.

In 2012, fraud such as “hacking” and “phishing” mainly took place in countries such as Germany or Luxembourg. Belgium was merely used as a transit country in order to receive fraudulent transfers. In 2013, by contrast, Belgian accounts were used to carry out fraudulent transactions. One possible explanation is the increasing number of cases of bank fraud identified in Belgium in 2013.

²¹ Cf. glossary

²² Cf. glossary

²³ More information on the modus operandi of this type of fraud can be found on CTIF-CFI’s website – section Warnings – <http://www.ctif-cfi.be>.

Apart from online mass marketing fraud, CTIF-CFI also dealt with some cases in 2013 in which mortgages and renovation loans were fraudulently obtained.

CTIF-CFI also identified one case in which the proceeds of the fraudulent use of service vouchers were laundered.

Microcredits also featured in CTIF-CFI's files (cf. 2.4.4. Cases).

2.4.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2013 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. 28,44 % of the files were reported to the Public Prosecutor's Office in Brussels.

	Total number 2013	Total number %	Total amount 2013⁽¹⁾	Total amount %
Brussels	91	28,44%	7,37	25,03%
Leuven	8	2,50%	6,06	20,60%
Charleroi	15	4,69%	3,32	11,27%
Tournai	9	2,81%	1,58	5,37%
Namur	10	3,13%	1,39	4,73%
Tongeren	11	3,44%	1,36	4,63%
Antwerpen	30	9,38%	1,26	4,28%
Eupen	3	0,94%	1,11	3,76%
Liège	19	5,94%	1,10	3,72%
Federal Public Prosecutor's Office	12	3,75%	0,73	2,49%
Mons	15	4,69%	0,63	2,14%
Gent	15	4,69%	0,54	1,82%
Neufchâteau	5	1,56%	0,41	1,39%
Kortrijk	8	2,50%	0,32	1,07%
Arlon	5	1,56%	0,32	1,09%
Brugge	9	2,81%	0,30	1,02%
Hasselt	7	2,19%	0,28	0,93%
Dendermonde	15	4,69%	0,27	0,92%
Mechelen	3	0,94%	0,23	0,78%
Nivelles	7	2,19%	0,19	0,65%
Turnhout	3	0,94%	0,19	0,63%
Oudenaarde	3	0,94%	0,14	0,49%
Marche-en-Famenne	2	0,63%	0,08	0,27%
Huy	4	1,25%	0,07	0,25%
Dinant	3	0,94%	0,07	0,25%
Verviers	5	1,56%	0,06	0,20%

Ieper	2	0,63%	0,04	0,12%
Veurne	1	0,31%	0,02	0,06%
Total	320	100	29,44	100

⁽¹⁾ Amounts in million EUR

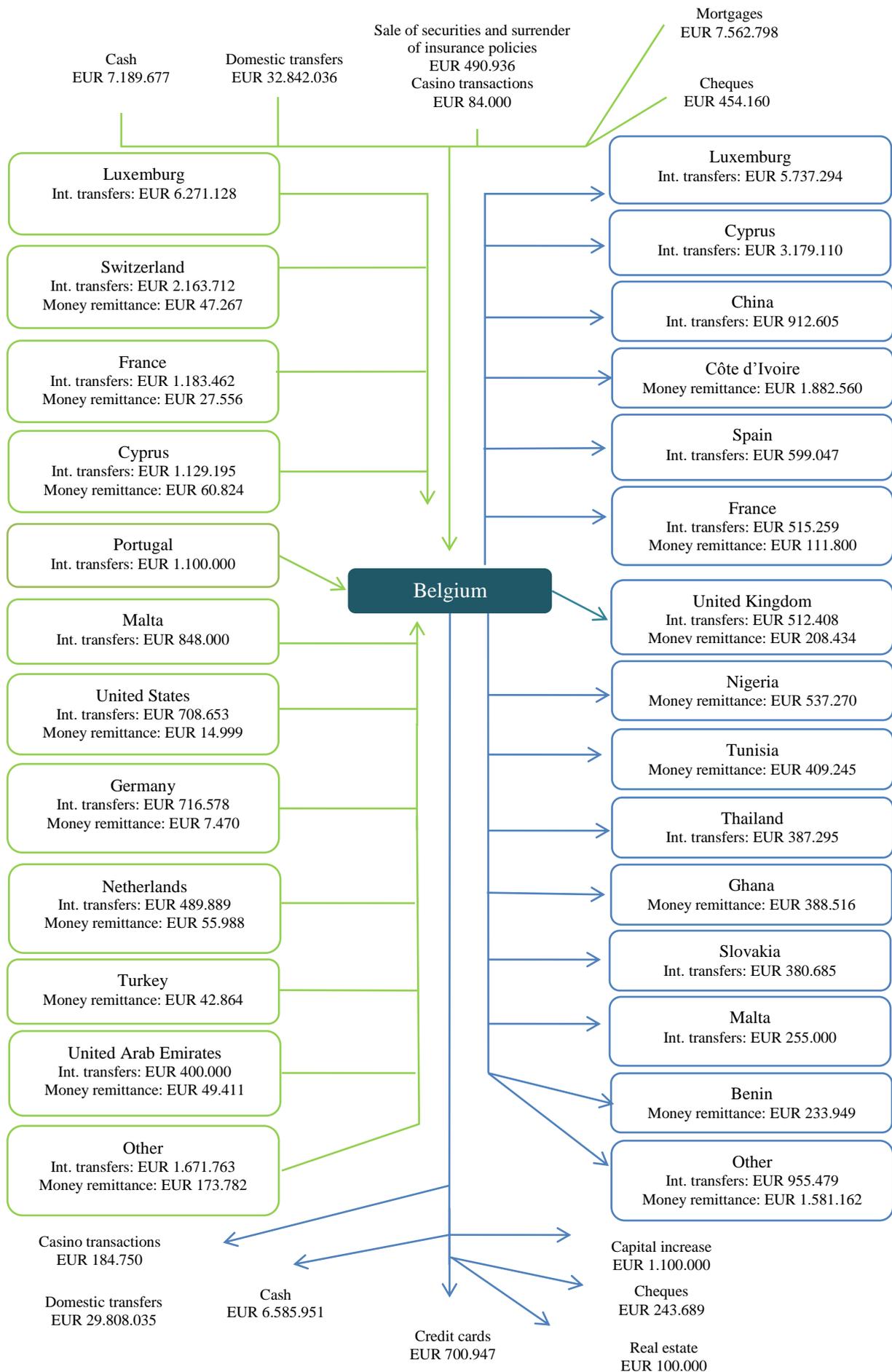
2.4.3. Financial flows

The importance of files involving mass fraud is also highlighted in the analysis of financial flows.

Funds frequently originate from our neighbouring countries as Belgium often acts as a transit country when money is sent from neighbouring countries to West Africa. The financial flows show Côte d'Ivoire, Nigeria, Ghana, Benin and Mali to be the main West African countries of destination for mass fraud.

In many cases, the accounts of “money mules” are used to receive fraudulent transfers. The money is then withdrawn in cash shortly afterwards and subsequently transferred using money remittance.

Tunisia is also a prominent 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.



2.4.4. Cases

Case 1: Money laundering and micro credits

Offence	Money laundering Fraud
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	International transfers
Jurisdictions involved	Belgium, Cyprus, Netherlands
Disclosing entities	Banks
Warning signals	- Use of a “Limited” company

Company A, operating as Company B, granted microcredits up to EUR 600, on the condition of a guarantee, either through a person put forward by the borrower or through the Cypriot company C Ltd.

The former manager of company A was X, who had also managed a similar company in the Netherlands. The Dutch holding company BV owned 96,77 % of Company A.

Analysis of A’s Belgian account revealed that the account received transfers from the holding company BV, from the Cypriot company C and various third party accounts. The debit transactions consisted of transfers to Cypriot company C and various third party accounts.

The transactions on the account tied in with A’s activities, i.e. granting micro credits through a guarantor.

A legislative proposal was introduced in 2013 to prevent further misuse of micro credits, as those granting micro credits had found a way to circumvent the recently tightened regulations by using guarantors. This method was used by Company B.

Company A was known to the police for economic offences, breaching Article 74 of the Law of 12 June 1991 on consumer credit, Article 74, 75§1 and 88 of the Law of 6 April 2010 on market practices and consumer protection, Article 3§2 of the Law of 20 December 2002 on consumer debt recovery.

Company A was not officially licensed by the Federal Public Service Finance as a lender.

In view of this information, there was a strong presumption that A granted microcredits without a licence, breaching various legal provisions.

Case 2: Fraud and money mules

Offence	Money laundering Fraud
Parties involved	Natural persons Legal persons
Sectors involved	Currency exchange offices (money remittance)
Channels used	International transfers
Jurisdictions involved	United States, United Kingdom, Australia, Belgium, Ghana
Disclosing entities	Currency exchange offices
Warning signals	- Money mules

W, X, Y and Z received fraudulent transfers on their personal accounts for a total amount of EUR 60.000. Part of this money was withdrawn in cash, part was transferred to other persons such as U and V.

Several of these individuals also received funds through money remittance, even from several counterparties. T sent money from the United Kingdom to W and sent money to R. S from Australia sent money to U and P.

The funds were mainly sent using money remittance, primarily to counterparties in the United Kingdom and Ghana. A total amount of EUR 50.000 was sent. Some of the counterparties featured several times. U and P sent money to individuals in Ghana.

Information from FIU Finland showed that a network of money remitters was said to operate in Finland, the United States, the United Kingdom, Australia and Belgium. Most of the funds were ultimately sent to Ghana. Over a two-year period, some USD 350.000 was sent to Ghana, partly through money mules and partly through potential victims.

Between 2012 and 2014, USD 150.000 from the USD 350.000 was sent from Belgium. X, U, P and Z all provided the same telephone number to the currency exchange office. P and Z also provided the same address. X and Y were also said to be part of this network. W and Y were known to the police for fraud.

It was quite likely that the individuals acted as money mules in an organised fraud scheme in which the funds were ultimately sent to Ghana. It was also probable that some of these individuals played an active role in sustaining this scheme.

2.5. Trafficking in illegal labour

2.5.1. Statistics

In 2013, 83 files were reported to the judicial authorities because of serious indications of laundering of the proceeds of trafficking in illegal labour, for a total amount of EUR 51,41 million.

	2011	2012	2013	% 2013
Number of files	92	86	83	7,11
Amounts ⁽¹⁾	43,57	45,31	51,41	6,45

⁽¹⁾ Amounts in million EUR

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

In order to protect themselves from checks by social security and law enforcement authorities, criminals have improved their modus operandi and now use Portuguese companies that officially use seconded personnel.

This is not a purely Belgian matter, but an issue on an international scale²⁴. Moreover, these files do not only involve Brazilians but also feature other nationalities such as Romanian, Bulgarian and Czech nationals.

²⁴ Cf. Tracfin, *Rapport d'activités 2010*; FATF, *Money Laundering Risks Arising from Trafficking of Human Beings and Smuggling of Migrants*, 2011.

Apart from posting personnel, fraudsters or exploiters also use pseudo self-employment to employ workers at cheaper prices.

Section 2.5.3. “Cases” illustrates a case of pseudo self-employment.

Slumlords also continue to feature in CTIF-CFI’s files, which may be due to the ongoing financial and economic crisis that has been affecting Europe and Belgium for a number of years now.

2.5.2. Public Prosecutor’s Office

Geographical breakdown of the number of files and the total laundered amount reported in 2013 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 (71,08 %), also accounting for the highest laundered amount to the Public Prosecutor’s Office in Brussels.

	Total number 2013	Total number %	Total amount 2013⁽¹⁾	Total amount %
Brussels	59	71,08%	30,47	59,26%
Gent	4	4,82%	2,87	5,58%
Antwerpen	3	3,61%	2,60	5,07%
Tongeren	2	2,41%	0,58	1,14%
Liège	2	2,41%	0,39	0,76%
Charleroi	2	2,41%	0,54	1,05%
Tournai	2	2,41%	1,68	3,27%
Dendermonde	2	2,41%	0,99	1,93%
Hasselt	2	2,41%	3,75	7,29%
Arlon	1	1,20%	0,06	0,12%
Mechelen	1	1,20%	1,39	2,69%
Turnhout	1	1,20%	5,37	10,44%
Nivelles	1	1,20%	0,61	1,19%
Kortrijk	1	1,20%	0,11	0,22%
Total	83	100	51,41	100

⁽¹⁾ Amounts in million EUR

2.5.3. Cases

Case 1: Social fraud and trafficking in illegal labour

Offence	Money laundering Trafficking in illegal labour Misappropriation of corporate assets
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Cash deposits, cash withdrawals, transfers
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- Sensitive sector (construction industry) - Articles of association were repeatedly changed - Large cash transactions

The building company A was set up in 2010. X, Y and Z had power of attorney on A's account. The articles of association were repeatedly changed. At the end of 2012 X, Y and Z were dismissed, W was appointed as manager and the registered office was also relocated.

In 2012, credit transactions worth EUR 1,9 million took place on A's account, carried out by various natural and legal persons. These funds were mainly withdrawn in cash, either from cash machines or at a branch. Using cash made it difficult to determine the subsequent use of the funds.

One outstanding expenditure on A's account was a transfer of EUR 80.000 to Company B in July 2012, reference was made to "payment of invoices". Company B had opened an account at the same branch in May 2012, and remarkably, X and Z had power of attorney. The initial capital of EUR 6.200 was paid through X's personal account by means of transfers from Company A.

In 2012, Company B's credit balance was EUR 150.000 EUR. The money was consistently withdrawn in cash, either at a branch or from cash machines.

Multiple personal expenditures were also identified on both Company A's and B's accounts, which did not tie in with the companies' professional activities.

Notable beneficiaries were V and U, who had both been manager of Company A between July and October 2012.

Police information revealed that numerous individuals from Eastern Europe, mainly Lithuanian nationals, resided at V's home for a short period of time. These individuals were said to work for a construction company. This building was presumably used to accommodate mostly Lithuanian nationals awaiting permanent housing.

V and U held several positions in Y's construction companies.

According to police information, Y was an illegal contractor and illegally employed foreign workers. He was also linked to individuals working in prostitution in Antwerp.

Company A's latest annual report was published in 2010. The company's turnover had surged since 2011.

The turnover was much lower than the financial transactions identified on A's account. Furthermore, the competent VAT authorities listed Company A as one of the companies to be checked in terms of VAT.

According to the employers' register of the National Social Security Office, Company A employed between 1 and 4 employees. Company B was not even registered as an employer with the National Social Security Office.

It was quite probable that Company A's and Company B's funds were the proceeds of trafficking in illegal labour. Company A's turnover was EUR 1,9 million in 2012, even though there were serious shortcomings in terms of tax and employment. Police information revealed indications of illegal employment of Lithuanian nationals.

Case 2: Mortgages and slum landlords

Offence	Money laundering Trafficking in illegal labour Trafficking in human beings
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	Mortgages, cash deposits, cash withdrawals, transfers
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- Slum landlords - Large cash transactions - Numerous mortgages

Between 2006 and 2011, various individuals of the same religious community took out some fifty mortgages, for a total amount of nearly EUR 7.000.000.

W, X, Y and Z acted as representatives of the borrowers, who often had power of attorney on the borrower's account.

Representatives were used, as this community did not allow loans with interest. By using representatives, the mortgage was considered to be an investment, where the representatives act as intermediaries between the borrower and the bank.

Once the mortgage was granted, part of it was intended to purchase a home, another part was a renovation loan. Invoices, quotes and pay slips were provided, drawn up by companies or non-profit organisations that featured in several mortgage applications.

A number of irregularities were identified: often the offers or invoices were drawn up before the mortgage was granted; in one case an invoice referred to the house of a different borrower; the employment contracts submitted looked identical, wages were often net wages, paid in cash and the working week ran from Sunday to Friday noon; the date on which the employment contract was signed was usually very close to the date on which the mortgage was granted.

This led to suspect these documents were false. The renovation invoices were usually paid in cash. As wages were also paid in cash, it was impossible to check whether these transactions actually took place.

In one case the price of a property was forced up by reselling the property straight away in order to obtain a larger mortgage. Y represented both the buyer and the seller.

The renovation loans were not used as described in the supporting documents provided. The renovation loans were mainly transferred to the representative, who subsequently used them for various purposes: repaying mortgages with other banks, transfers to companies in the United Kingdom, granting loans to other individuals or cash withdrawals, thus concealing the destination of the funds.

The borrowers usually did not live in these houses but let them out. The representatives also played a key role in collecting rent. This rent was then placed into the borrowers' accounts and used to repay the mortgages. The representatives also sold properties to repay mortgages taken out by various borrowers.

The Belgian national register of natural persons showed that several people, often foreign nationals, were registered at these addresses.

As the renovation loans were used for other purposes than the ones stated in the application, it was unclear whether or not renovations took place and how these were financed.

Y was known to be police for being a slum landlord.

The suspicion that these mortgaged properties were let out by a slum landlord was substantiated by police information on individuals carrying out financial transactions on the accounts of borrowers, representatives and construction companies or related companies.

Analysis of the borrowers' and representatives' accounts also revealed that transactions with M took place.

M was known to the police for being a slum landlord and for trafficking in human beings. M also carried out transactions with Company H, specialising in masonry and pointing.

The following elements led to suspect that Company H was involved in the (partial) renovation of properties by using illegally employed workers.

- According to the National Social Security Office, the company did not employ personnel subject to the Belgium social security system for employees, nor as a Belgian customer of foreign personnel in Belgium.
- Analysis of Company H's account showed that wages were transferred to Polish accounts. Wages were also transferred to seven managers. The company has had fourteen different managers since it was set up.
- Large cash withdrawals took place on the representatives' accounts. Presumably part of this money was used to pay wages for Company H.

Taking into account the police information, it was quite probably that at least part of the credit transactions on the representatives' accounts was rental income from dilapidated properties, linked to slum landlords. Part of this money was laundered by repaying several mortgages, typical of the integration stage of money laundering.

2.6. Illicit trafficking in narcotics

2.6.1. Statistics

In 2013, CTIF-CFI reported an even smaller number of files to the judicial authorities related to illicit trafficking in narcotics. The amounts involved in these files also decreased considerably (EUR 9,45 million compared to EUR 12,51 million).

	2011	2012	2013	% 2013
Number of files	114	118	88	7,53
Amounts ⁽¹⁾	24,35	12,51	9,45	1,19

⁽¹⁾ Amounts in million EUR

As previously identified, these transactions have become increasingly difficult to detect since the Euro was introduced. The increase in the number of drug traffickers and structured transactions also play an important role.

Resorting to the underground economy and the use of cash is another plausible explanation why compliance officers of conventional financial institutions detect fewer transactions.

2.6.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2013 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 (22,73 %) to the Public Prosecutor's Office in Brussels.

	Total number 2013	Total number %	Total amount 2013 ⁽¹⁾	Total amount %
Brussels	20	22,73%	2,51	26,49%
Antwerpen	20	22,73%	2,27	23,99%
Turnhout	4	4,55%	1,66	17,57%
Kortrijk	4	4,55%	0,81	8,57%
Mons	3	3,41%	0,40	4,28%
Charleroi	5	5,68%	0,35	3,68%
Gent	9	10,23%	0,31	3,31%
Tongeren	4	4,55%	0,30	3,23%
Dendermonde	2	2,27%	0,21	2,21%
Brugge	4	4,55%	0,14	1,48%
Liège	4	4,55%	0,13	1,41%
Mechelen	2	2,27%	0,13	1,44%
Veurne	2	2,27%	0,11	1,17%
Hasselt	1	1,14%	0,05	0,55%
Federal Public Prosecutor's Office	1	1,14%	0,02	0,20%
Oudenaarde	1	1,14%	0,02	0,17%
Ieper	1	1,14%	0,02	0,19%
Verviers	1	1,14%	0,01	0,06%
Total	88	100	9,45	100

⁽¹⁾ Amounts in million EUR

2.6.3. Financial flows

The financial flows below show that cash transactions (EUR, GBP and SEK) are an important part (over 75%) of the financial flows related to illicit trafficking in narcotics.

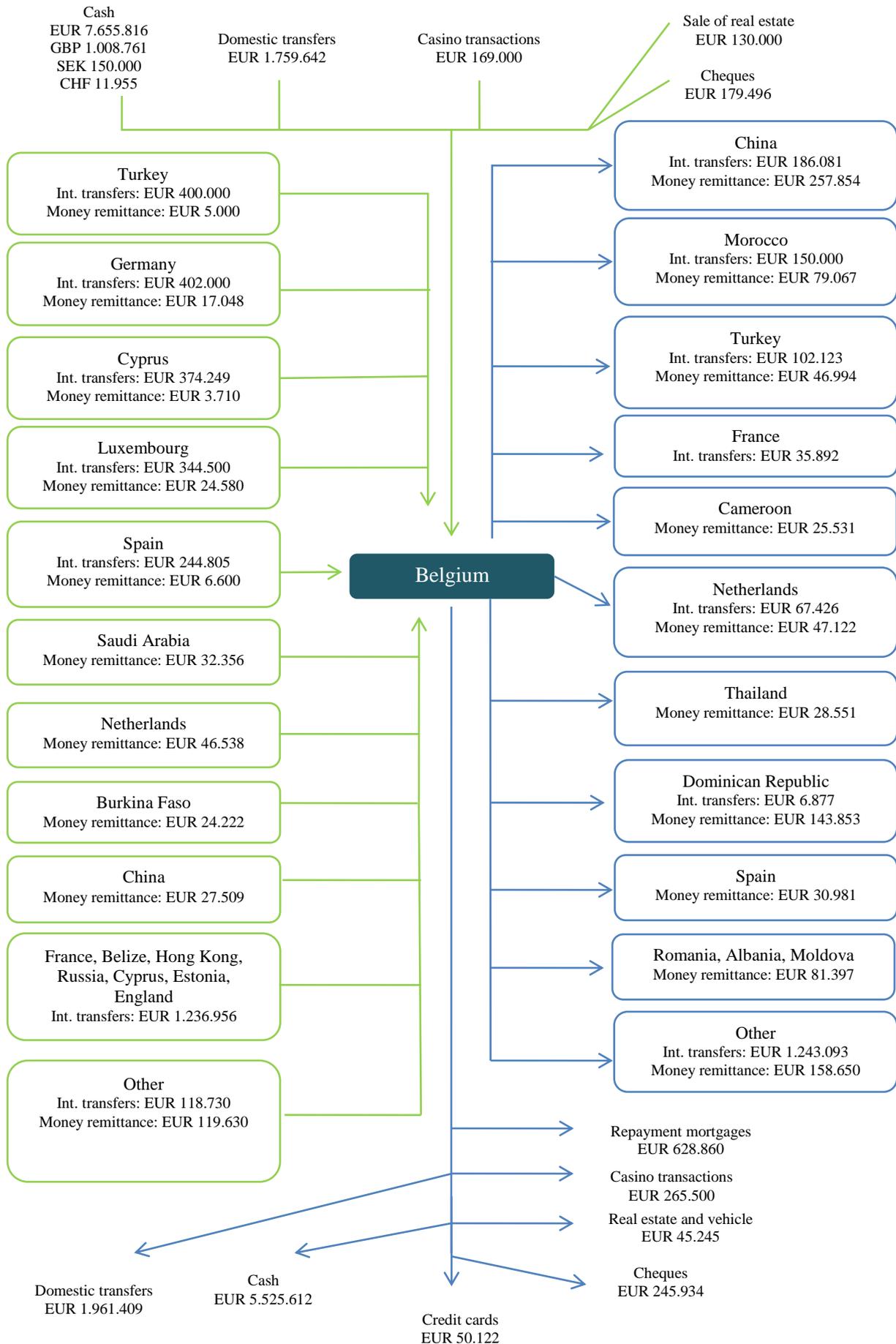
This is obviously just the visible part of illicit trafficking in narcotics, often the underground economy is used rather than the traditional financial system.

This finding is corroborated not only by significant transactions detected by the AML/CFT system, but also by the fact that virtually no transactions are conducted with countries known to export large quantities of cocaine or to be transit countries for narcotics.

The fact that there are no visible financial transactions with Colombia and its neighbouring countries, despite regular press coverage on seizure of narcotics, raises questions.

It is also clear that a large part of narcotics from South America is shipped through Africa, even though transfers to Africa are insignificant.

Unlike serious fiscal fraud and as is the case with fraud, money remittance plays an important role in these financial flows. Moreover, several countries of destination are known as countries to which narcotics are delivered.



2.7. Organised crime

2.7.1. Statistics

In 2013, CTIF-CFI reported about the same number of files related to organised crime as in 2011. The amounts remained stable compared to 2011 but increased sharply in 2012.

	2011	2012	2013	% 2013
Number of files	43	87	44	3,77
Amounts ⁽¹⁾	23,28	1.048,60	24,87	3,12

⁽¹⁾ Amounts in million EUR

This sharp rise in 2012 was the result of various files related to money laundering transactions using the gold sector being reported to the judicial authorities (cf. 2.7.4. of CTIF-CFI's Annual Report 2012).

2.7.2. Public Prosecutor's Office

Geographical breakdown of the number of files reported in 2013 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 (34,09%), also accounting for the highest laundered amount, to the Public Prosecutor's Office in Brussels.

	Total number 2013	Total number %	Total amount 2012 ⁽¹⁾	Total amount %
Brussels	15	34,09%	14,99	60,30%
Antwerpen	7	15,91%	2,26	9,08%
Dendermonde	5	11,36%	1,26	5,08%
Namur	2	4,55%	0,13	0,50%
Liège	2	4,55%	0,95	3,81%
Mechelen	2	4,55%	0,13	0,53%
Federal Public Prosecutor's Office	2	4,55%	2,74	11,01%
Nivelles	1	2,27%	0,12	0,48%
Tongeren	1	2,27%	1,13	4,54%
Mons	1	2,27%	0,22	0,88%
Arlon	1	2,27%	0,09	0,37%
Charleroi	1	2,27%	0,13	0,53%
Gent	1	2,27%	0,14	0,55%
Turnhout	1	2,27%	0,15	0,60%
Hasselt	1	2,27%	0,35	1,41%
Kortrijk	1	2,27%	0,08	0,31%
Total	44	100	24,87	100

⁽¹⁾ Amounts in million EUR

2.8. Trafficking in human beings

2.8.1. Statistics

In 2013, CTIF-CFI reported 37 files related to trafficking in human beings to the judicial authorities. These files and their amounts only represent a small part of the reported files.

	2011	2012	2013	% 2013
Number of files	70	54	37	3,17
Amounts ⁽¹⁾	12,12	16,43	12,99	1,63

⁽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 Police²⁵ 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 that have joined forces to combat these networks. It has become 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 for this purpose.

2.8.2. Public Prosecutor’s Office

Breakdown of the number of files and total laundered amount reported in 2013 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 (35,14%) to the Public Prosecutor’s Office in Brussels. The files representing the highest laundered amount (58,80%) were reported to the Public Prosecutor’s Office in Antwerp.

	Total number 2013	Total number %	Total amount 2013 ⁽¹⁾	Total amount %
Antwerpen	7	18,92%	7,64	58,80%
Brussels	13	35,14%	1,26	9,72%
Oudenaarde	1	2,70%	1,17	9,03%
Turnhout	1	2,70%	0,68	5,18%
Gent	2	5,41%	0,60	4,63%
Tournai	1	2,70%	0,43	3,32%
Nivelles	1	2,70%	0,25	1,87%
Leuven	2	5,41%	0,23	1,79%
Mechelen	2	5,41%	0,23	1,77%

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

Huy	1	2,70%	0,17	1,31%
Brugge	3	8,11%	0,16	1,24%
Dendermonde	1	2,70%	0,13	0,99%
Liège	1	2,70%	0,04	0,32%
Hasselt	1	2,70%	-	0,02%
Total	37	100	12,99	100

⁽¹⁾ Amounts in million EUR

2.9. Terrorism, terrorist financing, including proliferation financing

2.9.1. Statistics

In 2013, CTIF-CFI reported 25 files to the judicial authorities related to serious indications of terrorism financing, for a total amount of EUR 2,57 million. Even though the number of files and related amounts reported the judicial authorities rose, the share of terrorist financing in the predicate offences identified by CTIF-CFI remains fairly low, amounting to 2,14 % of the total number of reported files and 0,32 % of the total reported amount.

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

	2011	2012	2013	% 2013
Number – terrorism	1	1	0	0
Number – terrorist financing ⁽¹⁾	21	19	25	2,14
Amount – terrorism	0,04	0,04	0	0
Amount – terrorist financing ⁽¹⁾	1,93	1,86	2,57	0,32

⁽¹⁾ including proliferation financing – amounts in million EUR

CTIF-CFI cooperates closely on the prevention of terrorism and proliferation with partner bodies such as the police, the Federal Public Prosecutor's Office, the Coordination Organ for Threat Analysis (OCAM-OCAD) and the General Intelligence and Security Service of the Armed Forces (SGRS-ADIV).

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.

This means that, even though CTIF-CFI's files relate to fairly small amounts, these files do contain useful information for the Federal Public Prosecutor's Office to contextualise and localise terrorist networks in Belgium and abroad.

2.9.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2013 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 terrorist financing and proliferation by Public Prosecutor's Office. CTIF-CFI reported most of the files (92 %) to the Federal Public Prosecutor's Office.

	Total number 2013	Total number %	Total amount 2013⁽¹⁾	Total amount%
Federal Public Prosecutor's Office	23	92,00%	2.56	99,65%
Gent	1	4,00%	0,01	0,26%
Brussels	1	4,00%	-	0,09%
Total	25	100	2,57	100

⁽¹⁾ Amounts in million EUR

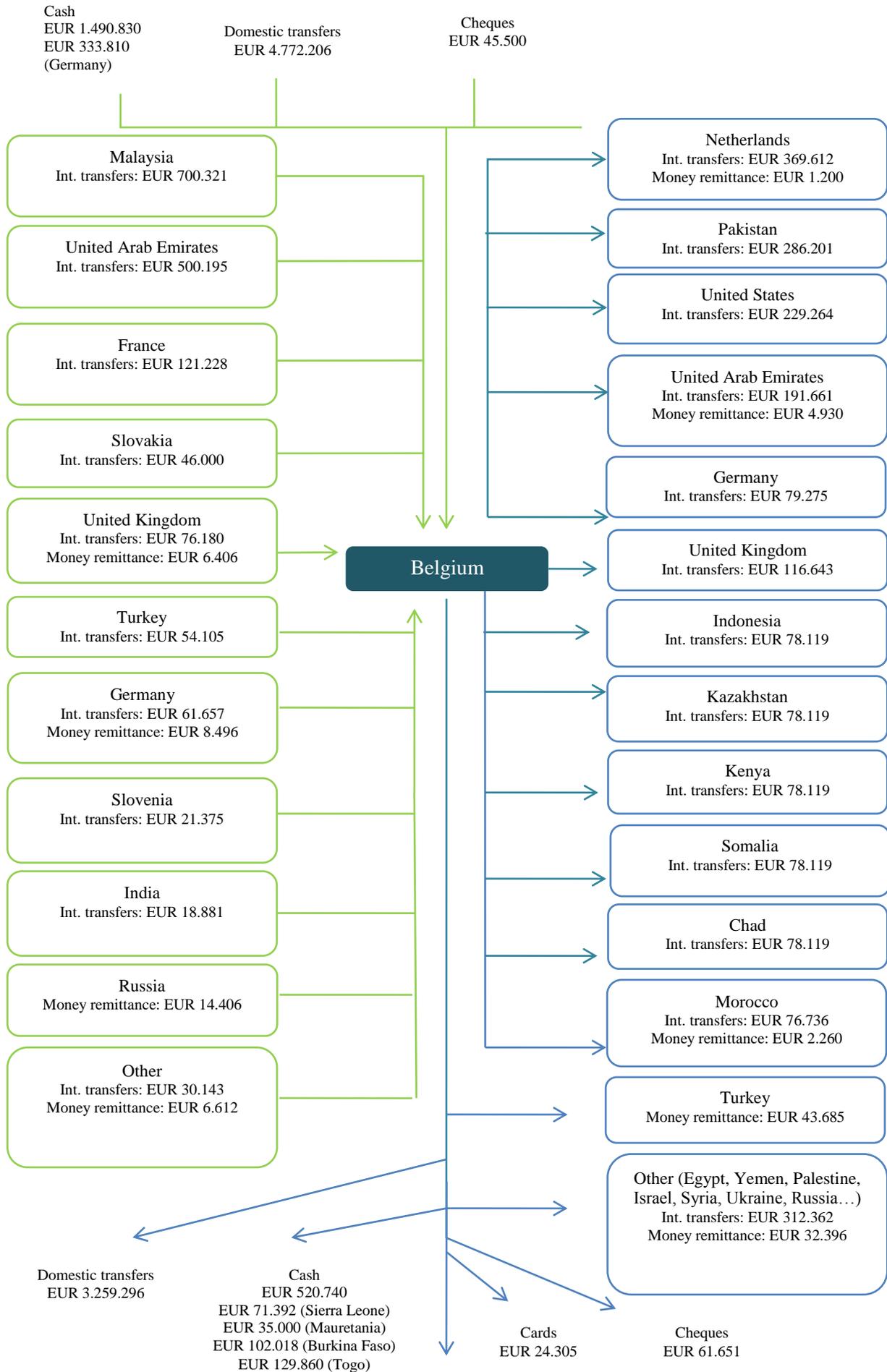
2.9.3. Financial flows

The analysis of transactions identified by CTIF-CFI related to potential terrorist and proliferation financing transaction is illustrated in the diagram below.

The share of cash related to terrorist and proliferation financing remains fairly low. Part of the cash identified (a little over EUR 300.000) is related to cross-border transportation of currency between Germany and several West African countries.

More than half of the transactions (in excess of EUR 3 million) are incoming and outgoing domestic transfers.

The incoming as well as outgoing international transfers are conducted in countries that are sensitive with regard to terrorism and/or financing of terrorist activities.



2.9.4. Cases

Case 1: Financing of extremism

Offence	Financing of terrorism
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	International transfers
Jurisdictions involved	Belgium, Pakistan, United Arab Emirates
Disclosing entities	Banks
Warning signals	- Sensitive sector (textiles) - Cash-intensive businesses (textiles, food retailer) - Large cash transactions - Personal accounts are used to conduct business transactions

X was the manager of Company A, a food retailer, and used his personal account to deposit large amounts of cash. In total, more than EUR 100.000 was deposited, i.e. more than half of the credit transactions on this account in this period. Part of the money was transferred to a lawyer's office, probably related to Company A's ongoing bankruptcy proceedings (indicated by the transfers' references), part was withdrawn in cash.

X received three transfers of some EUR 20.000 each on an account he held with another bank, involving two counterparties in the United Arab Emirates and one in Pakistan. One transfer from Company B in Dubai referred to a "business payment", clearly indicating this was a commercial transaction. The company's name led to suspect it traded in textiles. At the time of the transactions, X was a shareholder of Company C. Two months later, X set up Company D, which was put up for sale shortly afterwards. Company C and D were both registered as companies trading in clothing or textiles.

The textile industry as well as food retailers (such as Company A) generate a lot of cash.

The same type of cash transactions took place on the bank accounts of the three companies and compared to other transactions on the account, large amounts of cash were deposited. This made the cash deposits on X's account and Y's account, Company C's manager, even more suspicious.

Information from intelligence services indicated that textile companies in the neighbourhood where the companies' registered offices were located may have been linked to a range of Pakistani extremists.

Based on these elements, it could not be excluded that the cash withdrawn from X's and Company A's account would partially or entirely be used to finance terrorist activities.

Case 2: Proliferation financing

Offence	Terrorist financing, including the financing of proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems Illicit trafficking in goods and merchandise (embargo)
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	International transfers
Jurisdictions involved	Belgium, Syria, Iran, United Arab Emirates
Disclosing entities	Banks
Warning signals	- Sensitive countries (embargo)

An amount of nearly USD 300.000 was transferred to Company A from an account in the United Arab Emirates held by Company B, and reference was made to hot-rolled steel plates.

Company A drew up an invoice for Company C, however, the final destination of the goods was Syria and Iran.

Information from intelligence services showed that Company Y exported many goods to Company C in the months prior to the transfer of USD 300.000. The invoice stated that the exported goods were steel plates.

Pursuant to Article 1 of Council Decision 2012/739/CFSP of 29 November 2012 concerning restrictive measures against Syria and repealing Decision 2011/782/CFSP, the sale, supply, transfer or export of arms and related materiel of all types, including weapons and ammunition, military vehicles and equipment, paramilitary equipment and spare parts for the aforementioned, as well as equipment which might be used for internal repression, to Syria shall be prohibited.

With regard to a possible link between Company A and Syria, intelligence services revealed that Company A wanted to vouch for a Syrian national. This visa application was refused by the Belgian authorities for reasons of substance because the file was considered to be incomplete.

It is striking that the visa application involving Company A was submitted at the time when Company A received the payment for goods intended for Syria.

Company B (ordering party) and Company C (mentioned on the invoices) are said to currently be located in Abu Dhabi, probably at the same location, they use the same postal address.

It is well-known that companies located in the United Arab Emirates are sometimes used as a cover for Iran to acquire (dual-use) goods.

These companies were part of Company Z Ltd, a subsidiary of a multinational from Oman providing services to the offshore oil and gas industry.

Pursuant to Article 8 of Council Regulation (EU) No 267/2012 of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No 961/2010 it shall be prohibited to sell, supply, transfer or export key equipment or technology (including in key sectors such as the exploration and production of crude oil and natural gas) directly or indirectly, to any Iranian person, entity or body or for use in Iran (this ban does not apply to agreements signed prior to 27 October 2010).

Company B is said to manufacture ships and “fast patrol boats”. This requires particular attention, given Iran’s interest in asymmetrical warfare. The Iranian strategy consists of attacking with a large number of small vehicles (speedboats, rockets) so the enemy is unable to avert all attacks.

Based on these elements, it could be deduced that the transaction carried out resulted from the sale of goods to embargoed countries and traded indirectly through the United Arab Emirates.

2.10. Corruption and politically exposed persons

2.10.1. Statistics

An increasing number of money laundering transactions related to corruption has been identified in recent years, as a result of the FATF’s efforts to raise awareness in the world of finance that this type of crime must be tackled, as well as a result of the Arab Spring.

Since the uprising in several North African countries the number has been decreasing since 2012.

The events in Ukraine took place afterwards, the restrictive measures were put in place by the European Union at a later date, they do not affect the 2013 figures.

	2011	2012	2013	% 2013
Number of files	23	15	9	0,77
Amounts ⁽¹⁾	23,35	84,32	6,06	0,76

⁽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 2013 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 (55,56 %), representing more than half of the reported amount, to the Public Prosecutor’s Office in Brussels.

	Total number 2013	Total number %	Total amount 2013 ⁽¹⁾	Total amount %
Brussels	5	55,56	3,24	53,56
Liège	2	22,22	0,71	11,74
Tongeren	1	11,11	2,09	34,40
Brugge	1	11,11	0,02	0,31
Total	9	100	6,06	100

⁽¹⁾ Amounts in million EUR

2.10.3. Case

Case: Money laundering and corruption

Offence	Money laundering Corruption
Parties involved	Natural persons Legal persons
Sectors involved	Banks
Channels used	International transfers
Jurisdictions involved	Belgium, Benin, Mauritius, Seychelles
Disclosing entities	Banks
Warning signals	- Politically exposed persons - Transit accounts - Offshore centres - Front companies

X was a Beninese minister living in Benin, making him a politically exposed person²⁶ in a field granting permits to international private companies. Major financial interests were at stake, and X played a key role because of his position.

International transfers were carried out on X's Belgian bank account via two offshore centres. The funds originated from an account in Mauritius held by a company with registered office in the Seychelles. This way the actual ordering party of these transfer remained unknown.

Reference was made to consultancy fees for the development and management of natural resources in Benin. Yet it was highly unlikely for a Beninese minister in office to be paid for consultancy services for development in Benin using an account in Belgium via Company A, with registered office in the Seychelles and a bank account in Mauritius.

Information from the Mauritian financial intelligence unit revealed that Company A had been established in Mauritius and subsequently relocated to the Seychelles. Y was the manager, associate and beneficial owner. Money was transferred from Company B to Company A's account in Mauritius. B was established in Nevis and traded in raw materials. Again, Y was the economic beneficiary. When the Company also started trading in Benin transfers were carried out to X's account in Belgium.

In addition to these international transfers, Company A also played a part in some of X's other financial transactions. X bought a property in Belgium. The payments for this property were carried out on the third party account of the real estate agent involved in this transaction. This was unusual since a property is usually paid directly to the notary. Again, Company A was the ordering party for these transfers.

It was striking that all financial transactions were carried out once X became a member of the Beninese government.

Based on the elements above, it could be deduced that the transactions carried out in Belgium for X through Company A partially or entirely resulted from corruption.

²⁶ Cf. glossary

V. OTHER ACTIVITIES

1. The Fourth European Directive

As stated in CTIF-CFI's 2011 and 2012 Annual Reports the FATF comprehensively reviewed its standards, and the revised forty recommendations were adopted in February 2012. At the same time, the European Commission also 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 2005²⁷ 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/EC²⁸.

The new AML/CFT Directive should be adopted in the course of 2015. The Directive will subsequently be transposed into Belgian law.

2. The Egmont Group

In July 2013, the Egmont Group met in Sun City, South Africa. Three hundred eighty participants, representing FIUs from 107 jurisdictions and 15 international organisations, took part in the twenty-first plenary meeting of the Egmont Group. The plenary meeting was co-chaired by Mr. Boudewijn VERHELST, Deputy Director of CTIF-CFI and Mr. Murray MICHELL, Director of the Financial Intelligence Centre (FIC), South Africa.

At this meeting the financial intelligence units of Algeria, Bangladesh, Bolivia, Burkina Faso, Seychelles, Togo, Trinidad and Tobago and Vatican City State were accepted as new members of the Egmont Group.

Training sessions on specific topics were organised. These sessions mainly dealt with international cooperation and information exchange, money laundering and corruption, terrorist financing, tax crimes, politically exposed persons and risk assessments.

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). 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 exchanged information is protected by strict confidentiality. It should nevertheless be stressed 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.

²⁷ OJ L 309, 25/11/2005, page 15

²⁸ OJ L 214, 04/08/2006, page 29

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 with warnings²⁹ for specific fraud schemes. CTIF-CFI also considers this exchange of information to be spontaneous information exchange.

3.1. Breakdown of the requests for information received from foreign FIUs in 2013

	MOU ⁽¹⁾	2013
Luxembourg	22/04/1999	177
France	01/02/1994	108
Netherlands	29/06/1995	71
United Kingdom	24/05/1996	19
Germany	19/12/2000	10
Spain	16/12/1996	10
Moldova	07/12/2007	9
Cyprus	09/10/1998	8
Lithuania	18/10/1999	8
Jersey	14/07/2000	6
Russia	12/12/2002	6
Guernsey	27/09/2000	5
Portugal	05/03/1999	5
Singapore	07/09/2001	5
Slovakia	06/06/2000	5
Switzerland	16/07/1999	5
Estonia	20/11/2000	4
Finland	29/10/1998	4
Hong Kong	21/12/1998	4
Hungary	18/01/2000	4
Italy	15/05/1998	4
United States	08/07/1994	4
Democratic Republic of the Congo	27/09/2011	3
Denmark	30/03/1998	3
Isle of Man		3
Malta	23/01/2003	3
Bulgaria	02/03/1999	2
Croatia	25/01/1999	2
Gibraltar	17/10/2000	2
Greece	08/10/1999	2

²⁹ Warnings or information on money laundering techniques are published on CTIF-CFI's website or its annual report.

Japan	27/06/2003	2
Liechtenstein	15/03/2002	2
Madagascar	02/10/2012	2
Slovenia	23/06/1997	2
Tunisia	05/05/2011	2
Ukraine	19/09/2003	2
Albania		1
Argentina	24/06/2004	1
Bahamas	30/11/2001	1
Belarus		1
Burkina Faso	11/03/2011	1
Cameroon		1
Canada	02/01/2003	1
Czech Republic	17/11/1997	1
Guatemala	03/02/2003	1
Indonesia	01/02/2005	1
Ireland	17/10/2000	1
Kazakhstan		1
Latvia	27/07/1999	1
Lebanon	10/09/2002	1
Mauritius	14/11/2005	1
Montenegro		1
Peru	07/10/2005	1
Poland	20/03/2002	1
Romania	27/11/2000	1
Saint Vincent and the Grenadines		1
Serbia	20/02/2004	1
South Africa	29/07/2003	1
Syria		1
TOTAL		536

⁽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 2013

In 2013, CTIF-CFI sent 1.319 requests for information to foreign FIUs, mainly to France, the Netherlands, 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	2013
France	01/02/1994	236
Netherlands	29/06/1995	196
United Kingdom	24/05/1996	68
Germany	19/12/2000	65
Luxembourg	22/04/1999	64
Spain	16/12/1996	52
Russia	12/12/2002	36
Cyprus	09/10/1998	30
Italy	15/05/1998	30
Poland	21/03/2002	28
Romania	27/11/2000	28
Turkey	16/05/2003	24
Switzerland	16/07/1999	24
Hong Kong	21/12/1998	23
United Arab Emirates	26/05/2009	23
Democratic Republic of the Congo	27/09/2011	22
United States	08/07/1994	20
Morocco	26/08/2010	18
British Virgin Islands	02/02/2001	16
Greece	08/10/1999	16
Bulgaria	02/03/1999	15
Israel	28/06/2002	14
Latvia	27/07/1999	14
Canada	02/01/2003	13
China	05/11/2008	13
Portugal	05/03/1999	12
Panama	03/05/2001	10
Lebanon	10/09/2002	9
Lithuania	18/10/1999	8
Singapore	07/09/2001	8
Sweden	22/03/1996	8

Monaco	20/10/2000	7
Austria	17/10/2000	6
Jersey	14/07/2000	6
Liechtenstein	15/03/2002	6
South Africa	29/07/2003	6
Ukraine	19/09/2003	6
Cayman Islands		5
Denmark	30/03/1998	5
Guernsey	27/09/2000	5
Malta	23/01/2003	5
Mauritius	14/11/2005	5
Tunisia	05/05/2011	5
Cameroon		4
Estonia	20/11/2000	4
Indonesia	01/02/2005	4
Albania		3
Belize		3
Brazil	23/07/1999	3
Curaçao	07/06/2002	3
Georgia	08/08/2005	3
India		3
Isle of Man		3
Slovakia	06/06/2000	3
Taiwan		3
Thailand	24/04/2002	3
Algeria	27/04/2010	2
Andorra	10/07/2002	2
Argentina	24/06/2004	2
Armenia		2
Australia	23/06/1997	2
Burkina Faso	11/03/2011	2
Croatia	25/01/1999	2
Czech Republic	17/11/1997	2
Finland	29/10/1998	2
Gibraltar	17/10/2000	2
Hungary	18/01/2000	2
Ireland	17/10/2000	2
Kazakhstan		2
Mexico	27/01/2000	2
New Zealand		2

Peru	07/10/2005	2
Philippines	02/02/2012	2
Qatar		2
Saint Vincent and the Grenadines		2
Saudi Arabia		2
Serbia	20/02/2004	2
Azerbaijan		1
Bahamas	30/11/2001	1
Benin	15/10/2010	1
Bermuda	30/06/2005	1
Bolivia		1
Colombia	06/06/2002	1
Costa Rica		1
Côte d'Ivoire		1
Egypt		1
Gabon		1
Iceland		1
Japan	27/06/2003	1
Jordan		1
Macedonia	21/10/2008	1
Mali	12/08/2010	1
Marshall Islands		1
Moldova	07/12/2007	1
Nigeria		1
Norway	07/06/1995	1
Paraguay		1
Saint Kitts and Nevis		1
Seychelles		1
Slovenia	23/06/1997	1
Sri Lanka	16/06/2010	1
Venezuela	06/08/2003	1
Total		1.319

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 2013, CTIF-CFI assisted in organising training sessions for compliance officers in the financial and non-financial sector and foreign FIUs. CTIF-CFI received a delegation from Kenya in 2013 and held a presentation for the Romanian and Spanish FIUs.

4. Magistrates' training

CTIF-CFI welcomed three magistrates as part of their external training. It also took part in various seminars organised by the Institute for Judicial Training IGO-IFJ.

GLOSSARY

This glossary defines the various terms used in CTIF-CFI's Annual Report 2013.

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 law³⁰.

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 customer³¹:

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
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

³⁰ Cf. Article 2, Article 3 and Article 4 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation

³¹ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org

FIU: Administrative, judicial, policy or hybrid authority responsible for receiving, analyzing and disseminating disclosures from institutions and persons subject to the AML/CFT law³².

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 matter³³.

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 professions³⁴:

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

³² Cf. Article 22 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation

³³ Cf. Law of 11 January 1993, Article 23, § 2 – www.ctif-ctif-cfi.be – Legal provisions - Belgian legislation

³⁴ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org

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.

Objective disclosure: disclosure of transactions related to money laundering or terrorist financing based on facts or objective indicators. This includes objective information disclosed by the Customs and Excise Administration (cross-border transportation of currency), casinos, notaries and real estate agents. These disclosing entities are legally required to inform CTIF-CFI, even without any suspicions. Some payment institutions are also part of this category.

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 official³⁵.

Preventive system: system introduced to complement the repressive approach to money laundering (Article 505 of the Criminal Code) with a series of administrative measures.

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.

Subjective disclosure: the disclosure of transactions related to money laundering or terrorist financing based on a suspicion on the basis of a prior analysis of the transactions to be carried out by disclosing entities, i.a. by comparing them to the customer's profile.

³⁵ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org and Article 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 law³⁶.

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.

³⁶ Cf. Article 38 and 39 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation

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Additional information on this report and statistics in Chapter III can be obtained by sending a written request to info@ctif-cfi.be.



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