

# ILLICIT CASH COURIERS UNDER THE SPOTLIGHT

Money laundering is the act of concealing or disguising the nature, location, source, ownership or control of money, irrespective of whether it is being moved in cash, by cheque, via electronic transfer or by any other means, to avoid state transaction reporting requirements or to hide the fact that the money was acquired by illegal means.

Criminal syndicates and even terrorist groups must find a way to control their funds without attracting attention to their underlying activities or to the persons involved.



They do this by disguising the sources, changing the form, or moving the funds to a place where they are less likely to draw the attention of relevant authorities because what they least need is a spotlight on their illegal operations.

Laundering money is not a stand-alone crime. It is heavily intertwined with other types of criminal offences and activities, such as the trafficking in drugs, weapons, stolen vehicles, works of art and counterfeit goods, as well as tax fraud and the misuse of corporate property. Since global efforts to combat money laundering began in the early 1990's, there have been many successful initiatives undertaken by the international community. Money laundering is now criminalized in almost all countries. Banks and financial institutions are better protected against penetration by criminal organizations and a network of financial intelligence units is in place to provide a rapid response to money transfers for criminal purposes.

However crime still pays! Money launderers exploit any weakness in legislative and institutional frameworks, both at the domestic level and at the international level. They take advantage of any failures in international cooperation, particularly in informal, unregulated and unsupervised sectors. Loopholes are found wherever they exist, such is the tenacity of these criminals.

Confiscation of assets remains the most effective weapon in combating transnational crime. However, this is far from easy. In the wake of globalization and trade liberalization, organized crime syndicates and enterprising individuals are profiting from open borders, privatization, free trade areas, infrastructural and capacity weaknesses in certain countries, off-shore banks, electronic fund transfers and other internet-age

banking techniques to launder the profits generated by this trafficking every single day.

The international community agrees that a coordinated multilateral effort based on information exchange and standard rules among others is needed to combat money laundering and the risks posed by alternative remittance systems. Among these illicit money transfer systems, the practice known as “cash couriers” or “money remitters”, in other words individuals transporting ready cash, remains problematic and topical.

## Cash couriers leave no paper trail

The use of money remitters for funds transfer remains widely used, some regions in the world being more affected than others. Cash couriering and smuggling are indeed a common method of moving value in countries with small or weak formal banking systems for a great number of legitimate financial transactions - including, for example, foreign workers' remittances. However, they can also become an attractive conduit for channeling terrorist and other illicit funds, since they typically do not leave a paper trail.

In September 2008, 28 WCO member customs administrations participated in Operation Athena; a joint anti-money laundering operation. During the week-long operation, more than 45 million Euros were found, resulting in the launch of around 50 investigations into money laundering.

Strong evidence published after the September 11 attack in the United States suggests that Al-Qaeda used couriers to move cash rather than banks to carry wire transfers. The International Policy Institute for Counter-Terrorism (ICT) reported that all too often Al-Qaeda operations bypass the more traditional money laundering techniques – such as the use of electronic transfers and offshore accounts – that might provide clues to sources and methods. In many cases, there is no ‘paper trail’ to follow; cash is simply packed into a suitcase and carried by a courier to its recipients.

## Deficiencies in tracking illegal cash movements

Attempts to combat money laundering are incorporated into various international instruments, including resolutions, conventions, and treaties. The Financial Action Task Force (FATF) produced its 40+9 Recommendations in this field, and adopted Special Recommendation IX on Cash Couriers in October 2004. These recommendations were followed in February 2005 by a FATF International Best Practices document which specifically asks countries to take measures to detect the physical cross-border transportation of cash and bearer negotiable instruments, and to introduce a declaration system or other declaration obligations. The WCO Secretariat undertook an analysis of the progress that had been made in implementing Special Recommendation IX on Cash Couriers based on 59 mutual evaluation reports drawn up by WCO Members. Ensuring universal and consistent application of international standards has proven difficult, and the WCO assessment identified a number of deficiencies. The common themes and shortcomings that stand out include: an inadequate number of officials responsible for the prevention and repression of this crime; poor use of police resources and techniques; the fact that forensic science, a highly specialized discipline, still remains embryonic in many countries; national laws are not always compatible; and penalties – whether financial and/or criminal such as seizures, confiscations, prison terms, fines, etc – remain too tentative in many countries.

## Sharing knowledge to improve controls and investigations

To respond to these shortcomings, the WCO and INTERPOL have over the past two-years jointly organised International Conferences on Illicit Cash Couriers; providing a platform for experts to discuss case studies and best practices. These events are aimed at helping officials from customs, financial intelligence units, police authorities and other enforcement services to develop a practical knowledge that could be used to improve controls and investigations.

At the Second International Conference, which was held from 27 to 30 April 2009 at WCO headquarters in Brussels, topics discussed ranged from measures to take in the face of a legal vacuum to implementing a cash declaration system, and from interrogation techniques to maintaining the integrity of seizures amongst others. One particular future challenge raised was that pertaining to the use of prepaid payment cards in lieu of ready cash by cash couriers; showing how criminal activities quickly adapt to take advantage of other avenues to launder money, such as the rapidly expanding Internet financial services sector. These cards pose

numerous problems as they are not linked to a bank account, can be purchased from non-financial sales outlets, and are anonymous, easily transportable, and exchangeable,; representing a real opportunity for criminals. Faced with this phenomenon, it is essential to develop proper awareness, to forge partnerships with commercial institutions providing these products, and to put in place suitable regulations. Speakers called on all countries to participate actively in the fight against cash couriers by ensuring that agencies such as customs and the police were properly trained: —only by improving the expertise of their agents can enforcement services effectively combat this scourge and respond to the vulnerabilities exploited by criminals. Representatives of field services were also encouraged to become involved in the work of the FATF by ensuring that they were part of national delegations attending FATF meetings. The meeting concluded with a series of 16 recommendations for members of the WCO and INTERPOL aimed at strengthening the fight against cash couriers.

## International cooperation for better national outcomes

Among the challenges lies cooperation between competent services at national level and at the international level. Cooperation is, in fact, crucial in interception operations and in ensuing enquiries as it facilitates efforts to determine the origin and nature of the money, and to unravel often-complex threads. In this regard, the WCO and INTERPOL have set up different cooperation mechanisms and tools to improve intra- and inter-agency communication. In addition, both Organizations have established databases to facilitate access to and the sharing of intelligence.

The WCO has developed a number of mutual assistance instruments for the exchange of information and intelligence for its members, including a Model Bilateral Agreement on Mutual Administrative Assistance. The Organization's Customs Enforcement Network (CEN) – a global data and information gathering system for customs intelligence purposes – provides WCO members with the possibility to exchange and disseminate information on customs offences in a reliable and secure manner, with direct access round the clock. This enables Customs administrations to issue alerts and share analyses, photos and documentation on trafficking or seizures. Analysis of currency seizure characteristics reported in the CEN assist in the development of risk profiles. The WCO CEN is bolstered by CENcomm, a secure messaging system specially designed for cross-border operations.

INTERPOL's National Central Bureaux (NCB) facilitate cooperation between police services at the global level as they are in direct contact with INTERPOL headquarters and those in other countries. Their I-24/7 – a global secure police communications system – allows the NCB's to exchange essential information on perpetrators and illegal activities 24 hours a day, seven days a week. NCB's can also carry out searches and cross-checks via the databases which contain information on suspected terrorists, wanted persons, fingerprints, and lost or stolen travel documents.

Both the WCO and INTERPOL will continue to work together on this issue in cooperation with other international bodies and our respective stakeholders. Strengthening customs and police officials at the coal face will ensure better national outcomes,— safer borders, safer people, and a more secure supply chain underpinned by effective enforcement. Coordinated action, enhanced communication and sharing information are the tools we need to combat this form of crime and ensure economic and social prosperity!

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