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**2011**

Belgian Financial  
Intelligence Processing Unit

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## I. PREFACE

The Belgian Financial Intelligence Unit CTIF-CFI, established in 1993 on the basis of the international standards of the Financial Action Task Force (FATF) and the European Union, received 20.001 disclosures in 2011 from financial and non-financial enterprises, professions and entities subject to the Law of 11 January 1993 on preventing use of the financial system for purposes of money laundering, terrorist financing and proliferation.

CTIF-CFI employs 51 members of staff, including 29 financial analysts and has a maximum budget of EUR 4,92 million that exclusively consists of contributions from disclosing entities. This independent administrative body with legal personality under the supervision of the Ministers of Justice and Finance, processed all disclosures. For this processing the information in these disclosures is supplemented with additional financial, administrative and judicial information gathered at national and international level and is thoroughly examined. All of these disclosures were aggregated into 5.183 new files.

This indicates a sharp increase in CTIF-CFI's activities, with an increase of 7,1% in the number of disclosures and an increase of 5,2% in the number of new files as a logical result.

The operational processing of financial information by CTIF-CFI has an exclusively judicial finality. In 2011 this resulted in 1.345 new files being reported to the Public Prosecutor's Offices in the various judicial districts for a total amount of EUR 671,09 million. In these files serious indications of money laundering related to one or several serious offences covered by the law were identified. That same year CTIF-CFI also forwarded additional reports for a total amount of EUR 307,78 million related to files that had previously been forwarded to the judicial authorities. The total amount identified last year comes to EUR 978,87 million.

In 2011 foreign exchange offices and credit institutions disclosed 80% of the disclosures to CTIF-CFI, of which 61,82% originated from foreign exchange offices and 19,15% from credit institutions. Disclosures from foreign exchange offices almost exclusively related to international money remittance.

The significance of disclosures from credit institutions should be emphasised. These disclosures resulted in 835 out of 1.345 new files revealing serious indications of money laundering and terrorist financing that CTIF-CFI forwarded to the various Public Prosecutor's Offices and the Federal Public Prosecutor that year.

In terms of reported amounts the credit institutions also provide the largest contribution. Out of a total amount of EUR 978,87 million of new and additional files forwarded to the Public Prosecutor's Offices and the Federal Public Prosecutor in 2011 disclosures from credit institutions represent EUR 763,77 million.

The problematic application of the law by the non-financial sector, and the fact that this sector, compared to the large number of professionals, only sends a limited number of disclosures or even none at all to CTIF-CFI raises questions.

Even though the number of disclosures is inadequate it should be noted that the disclosures from the sometimes very limited number of disclosing entities for these categories are of high quality (158 out of 1.423 notaries, 39 out of 9.322 accounting and tax professionals, 13 out of 8.855 real estate agents, 9 out of 1.561 company auditors, 3 out of 550 bailiffs, 3 out of 1.800 dealers in diamonds, 1 lawyer out of 16.344).

The high quality of these disclosures reinforces the relevance of the European legislator and subsequently (sometimes even prematurely) the Belgian legislator including these professions in the Law of 11 January 1993.

In any case this issue should be discussed in consultation with authorities from the sector in preparation of the next evaluation of the effectiveness of the national anti-money laundering system by the FATF. This process will commence in the course of 2013.

The statistics regarding the offences predicated by the suspected laundered funds confirm the trends identified in recent years. The amounts relating to serious financial crime linked to economic activities take the lion's share. By order of importance these are: misappropriation of corporate assets, illicit trafficking in goods and merchandise, serious and organised fiscal fraud and fraudulent bankruptcy. These offences already represent 62,74% of the EUR 671,09 million detected by CTIF-CFI in 2011 in files reported to the judicial authorities.

The increasing significance of activities such as trafficking in illegal labour, human trafficking and exploitation of prostitution, taking place when networks commit various offences closely linked to specific sectors of business and trade, increases the current, distinctive, insidious threat where illegal money and criminal assets are invested in the legitimate economy, even though this is usually merely in appearance. The administrative supervisory authorities, the police and CTIF-CFI identified new examples. The past two years the construction and industrial cleaning industries were identified as high-risk sectors.

All laundered amounts based on serious indications in this report are clearly indicative figures calculated at this stage based on CTIF-CFI's operational experience. Considering the organisation of criminal sectors, the European or international scale of the structures used, their flexibility and the limitless means of any kind these structures can use to avoid their proceeds being detected and seized, we can reasonably conclude that the amounts actually being laundered must be higher than the detected amounts.

It should be recalled that money laundering consists of three stages: placement, layering and integration. In theory but also in practice criminals successfully launder money without this being detected and a fortiori avoid prosecution and possible confiscation.

The previous annual report already mentioned that according to an estimate by the United Nations less than one percent of global proceeds from criminal activities is actually seized. Just by applying this percentage to the amount seized by the judicial authorities in 2011 following freezing orders against suspicious financial transactions, i.e. EUR 23,2 million EUR we obtain a theoretical "dirty" amount of EUR 2.320 million. This amount does not take into account the financial flows identified in money laundering cases where the Belgian financial system is merely used to channel funds and when funds or assets could not be physically intercepted. Nor does this amount take into account the total amount of the 3.145 files CTIF-CFI closed in 2011 (EUR 647,176 million). Yet the fact that these files were closed does not indicate that no money laundering took place. It only shows that after analysis the disclosing entity's suspicions on which the disclosure was based did not reveal any serious indications of money laundering related to a serious predicate offence listed in the Law of 11 January 1993. When CTIF-CFI receives new information regarding closed files these files are sometimes reopened.

These considerations based on some of the data in this report demonstrate that combating money laundering is not merely a sequence or combination of acts by the various parties involved from the public or private sector. These acts should be coordinated at the highest state level and based on a continuous risk assessment.

The revised 40 FATF recommendations were adopted in February 2012. The new recommendations 1 and 2 require that the risk-based approach for money laundering, terrorist financing and proliferation of weapons of mass destruction is based on a "national risk and threat assessment" and that a body is designated and procedures are introduced to develop, coordinate and regularly update the appropriate national policy.

This specific analysis of money laundering, terrorist financing and proliferation risks and threats should be continuous and should be updated as necessary. Based on this analysis the policy to combat these issues should be adapted and harmonized to increase effectiveness. This analysis also contributes to the global risk and threat assessment that will be conducted by the FATF.

The prompt dual application of these recommendations will undoubtedly contribute to the best possible preparation of the fourth evaluation of Belgium by the FATF. As mentioned before this evaluation will commence in 2013, the final report will be published in February 2015.

In particular this dual application will also be a useful tool in detecting, prosecuting and seizing money and assets derived from crime.

Jean-Claude DELEPIERE



## II. STATISTICS

### 1. KEY FIGURES

#### 1.1. In the past 5 years

	2007	2008	2009	2010	2011
Number of disclosures received <sup>(1)</sup>	12.830	15.554	17.170	18.673	20.001
Number of new files <sup>(1)</sup>	4.927	4.875	4.925	4.928	5.183
Number of files reported to the Public Prosecutor's Office	1.166	937	1.020	1.259	1.345
Amounts involved in the files reported to the Public Prosecutor's Office <sup>(1) (2)</sup>	623,70	711,30	2.141,42 <sup>1</sup>	594,93	671,09
Number of freezing orders <sup>(1)</sup>	39	21	38	60	33
Total amount of freezing orders <sup>(2)</sup>	5,05	8,99	10,47	135,84	183,59

<sup>(1)</sup> Cf. [glossary](#)

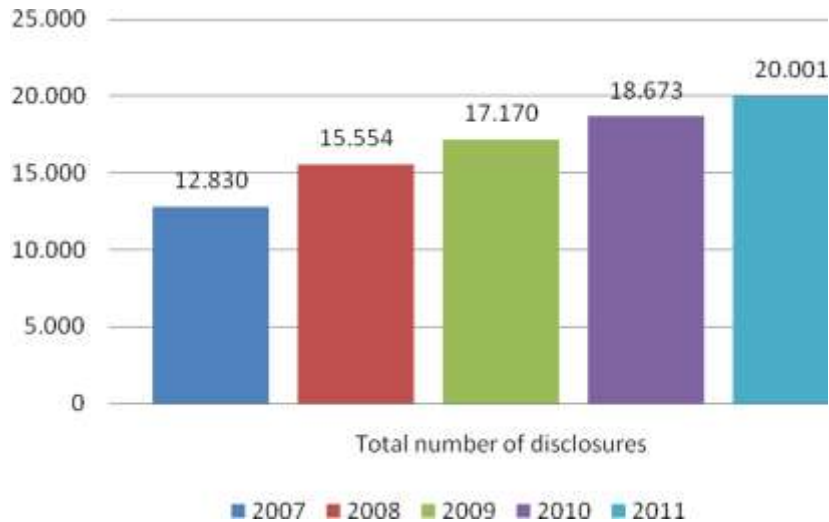
<sup>(2)</sup> Amounts in million EUR

In 2011 CTIF-CFI's activities continued to increase, the number of new disclosures rose by 7,1% and the number of new files rose by 5,2%.

In 2011 CTIF-CFI used its power to oppose execution of a transaction on 33 occasions. CTIF-CFI temporarily froze assets worth EUR 183,59 million.

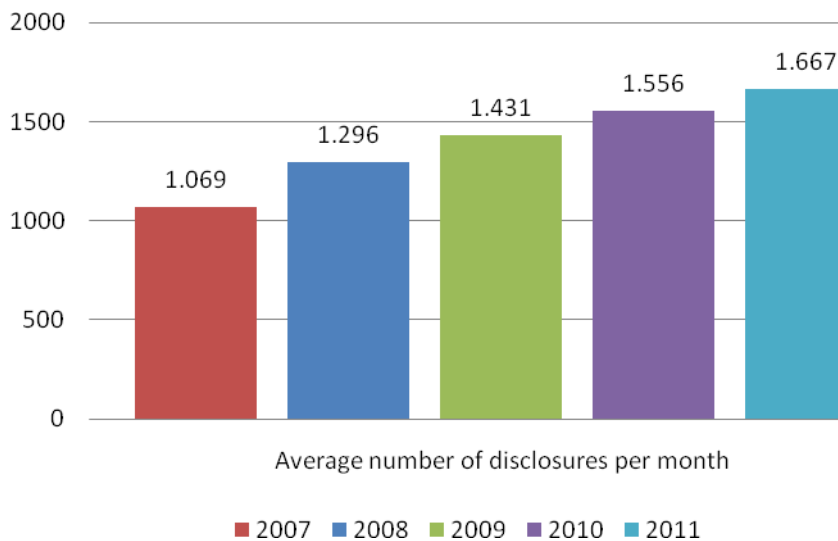
In 2010 the Public Prosecutor's Offices seized EUR 116,5 million following a freezing order by CTIF-CFI. One important case involved an amount of nearly EUR 100 million. In 2011 the judicial seizures following freezing orders by CTIF-CFI only came to EUR 23,2 million (cf. [4.10.](#) below). This is a result of the freezing order for a transfer of EUR 60 million. The Public Prosecutor's Office did not find it appropriate to extend the freezing order and the securities worth EUR 88 million were subsequently returned to the customer. It later turned out these securities were fake.

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



### 1.2. Evolution of the monthly average number of disclosures

CTIF-CFI received 20.001 disclosures between 1 January 2011 and 31 December 2011. The monthly average increased from 1.556 in 2010 to 1.667 in 2011 (1.431 in 2009), or an increase of 7,1 % (16,5% since 2009).



### 1.3. Since CTIF-CFI's creation

#### Number of disclosures – number of new files

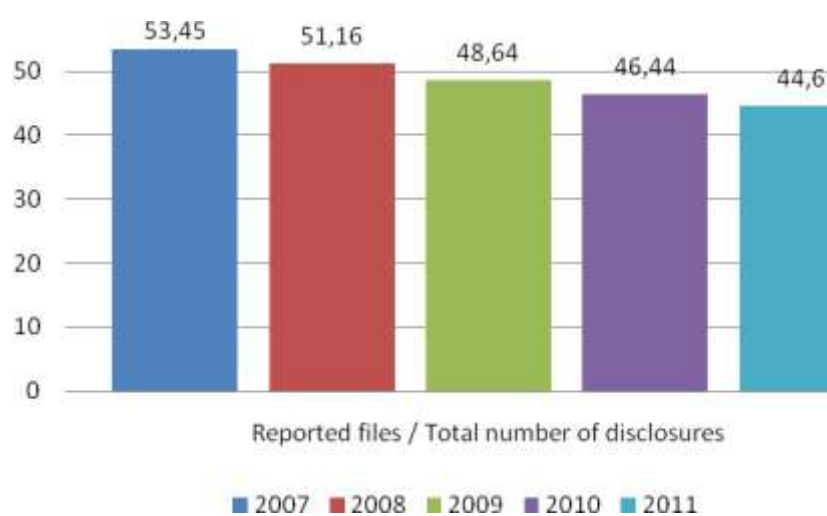
Number of disclosures	198.698
Number of disclosures reported to the Public Prosecutor's Office	88.624
Disclosures reported to the Public Prosecutor's Office / Total number of disclosures received	44,60 %
Number of files	49.571
Number of files reported to the Public Prosecutor's Office	13.787
Files reported to the Public Prosecutor's Office / Total files	27,81 %





### Number of reported files compared to the number of disclosures received in the past 5 years

	2007	2008	2009	2010	2011
Cumulative number of disclosures received	127.293	142.847	160.022	178.697	198.698
Cumulative number of files reported to the Public Prosecutor's Offices	68.033	73.087	77.837	82.990	88.624
Reported files / Total number of disclosures	53,45 %	51,16%	48,64%	46,44%	44,60 %



## 2. DISCLOSURES RECEIVED

### 2.1. Number of disclosures received from disclosing entities

	2009	2010	2011	% 2011
Foreign exchange offices	9.973	11.491	12.364	61,82
Credit institutions	3.628	3.870	3.831	19,15
Casinos <sup>(1)</sup>	1.055	912	952	4,76
Postal Service – bpost	584	471	634	3,17
Notaries	251	163	319 <sup>(2)</sup>	1,59
Life insurance companies	82	76	81	0,40
External accountants, external tax advisors, licensed accountants, licensed tax specialist-accountants	44	46	52	0,26
National Bank of Belgium	9	0	52	0,26
Mortgage companies	30	42	37	0,18
Real estate agents	9	26	28	0,14
Stock broking firms	33	25	23	0,11
Company auditors	76	28	18	0,09
Insurance intermediaries	11	18	13	0,06
Dealers in diamonds	1	1	6	0,03
Bailiffs	2	3	5	0,02
Companies issuing or managing credit cards	5	10	4	0,02
Companies for consumer credit	9	5	4	0,02
Management companies of collective investment undertakings	1	1	1	-
Lawyers	3	0	1	-
Intermediaries in banking and investment services	1	0	1	-
Lease-financing companies	0	0	1	-
Security companies	0	0	1	-
Clearing institutions <sup>(3)</sup>	-	7	0	-
Portfolio management and investment advice companies	0	1	0	-
Management companies of collective investment undertakings in the EEA <sup>(3)</sup>	-	0	0	-
Management companies of collective investment undertakings outside the EEA <sup>(3)</sup>	-	0	0	-
Collective investment undertakings	0	0	0	-
Payment institutions <sup>(3)</sup>	-	0	0	-
Public Trustee Office	0	0	0	-
Branch offices of investment companies in the EEA	0	0	0	-
Branch offices of investment companies outside the EEA	0	0	0	-
Market operators	0	0	0	-

(1) The 952 disclosures in 2011 refer to 1.375 transactions for a total amount of EUR 24,6 million. Criterion 3 of the Royal Decree of 6 May 1999 is the most frequent criterion with 1.360 transactions for a total amount of EUR 24,49 million.

(2) 89 % of disclosures from notaries result from the application of Article 20 paragraph 2 of the Law of 11 January 1993 (cash payments of more than 10% of the sale price or EUR 15.000).

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



## 2.2. Number of requests for information received from FIU counterparts

	2009	2010	2011	% 2011
FIU counterparts <sup>(1) (2)</sup>	402	381	420	2,10

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

<sup>(2)</sup> Cf. [glossary](#)

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

	2009	2010	2011	% 2011
Customs and Excise <sup>(1)</sup>	957	1.096	1.153	5,76
Federal Public Prosecutor's Office <sup>(2)</sup>	-	0	0	-
OLAF <sup>(2)</sup>	-	0	0	-

<sup>(1)</sup> 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.

<sup>(2)</sup> In accordance with Article 33§ 4 of the Law of 11/01/1993.

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

	2009	2010	2011	% 2011
Supervisory authorities <sup>(1) (2)</sup>	4	0	0	-

<sup>(1)</sup> In accordance with Article 33§ 4 of the Law of 11/01/1993.

<sup>(2)</sup> Cf. [glossary](#)

<b>GRAND TOTAL (2.1 – 2.4)</b>	<b>17.170</b>	<b>18.673</b>	<b>20.001</b>	<b>100</b>
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## 2.5. Number of disclosing institutions and persons / total number of disclosing entities

Financial professions <sup>(1)</sup>	2009	2010	2011	discl. pers./ inst.
Credit institutions	59	58	66	110
Foreign exchange offices	12	14	14	16
Life insurance companies	9	10	9	51
Stock broking firms	7	7	6	22
Mortgage companies	4	3	2	127
Insurance intermediaries	4	3	2	17.160
Companies for consumer credit	2	2	2	85
Companies issuing or managing credit cards	2	1	1	2
Management companies of collective investment undertakings	0	1	1	11
Intermediaries in banking and investment services	1	1	1	1
Postal Service – bpost	1	1	1	1
National Bank of Belgium	1	0	1	1
Lease-financing companies	0	0	1	116
Portfolio management and investment advice companies	0	1	0	22
Clearing institutions <sup>(2)</sup>	-	1	0	1
Public Trustee Office	0	0	0	1
Branch offices of investment companies in the EEA	0	0	0	23
Branch offices of investment companies outside the EEA	0	0	0	0
Market operators	0	0	0	1
Management companies of collective investment undertakings in the EEA <sup>(2)</sup>	-	0	0	8
Management companies of collective investment undertakings outside the EEA <sup>(2)</sup>	-	0	0	3
Collective investment undertakings	0	0	0	0
Payment institutions <sup>(2)</sup>	-	0	0	2
<b>Total</b>	<b>107</b>	<b>103</b>	<b>107</b>	

<sup>(1)</sup> Cf. [glossary](#)

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



<b>Non-financial professions<sup>(1)</sup></b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>discl. pers./ inst.</b>
Notaries	121	91	158	1.423
Accounting and tax professions	31	27	39	9.322
Real estate agents	2	8	13	8.855
Company auditors	11	13	9	1.561
Casinos	9	9	9	9
Bailiffs	2	2	3	550
Dealers in diamonds	1	1	3	1.800
Lawyers	2	0	1	16.344
Security companies	0	0	1	7
<b>Total</b>	<b>179</b>	<b>151</b>	<b>236</b>	

<sup>(1)</sup> Cf. [glossary](#)

## 2.6. Geographical breakdown of disclosures

The table below<sup>(1)</sup> reflects the evolution of the breakdown of disclosures by judicial district according to the location where the main transaction took place.

Judicial district	2009	2010	2011	% 2011
Brussels	8.543	9.387	10.248	52,38
Antwerpen	2.839	3.029	3.253	16,63
Liège	660	855	963	4,92
Gent	782	802	953	4,87
Brugge	683	707	686	3,51
Charleroi	415	534	553	2,83
Hasselt	222	302	341	1,74
Tongeren	464	417	307	1,57
Kortrijk	297	304	306	1,56
Mons	317	409	298	1,52
Namur	330	280	241	1,23
Verviers	155	195	210	1,07
Leuven	233	242	200	1,02
Dendermonde	158	152	175	0,89
Mechelen	112	149	148	0,76
Tournai	118	109	147	0,75
Turnhout	113	124	136	0,70
Nivelles	108	107	136	0,70
Dinant	34	61	62	0,32
Oudenaarde	46	51	44	0,22
Veurne	21	26	35	0,18
Eupen	41	36	30	0,15
Arlon	23	25	27	0,14
Ieper	17	18	24	0,12
Huy	18	25	18	0,09
Marche-en-Famenne	8	15	13	0,07
Neufchâteau	11	16	9	0,05
<b>Total</b>	<b>16.768</b>	<b>18.377</b>	<b>19.563</b>	<b>100</b>

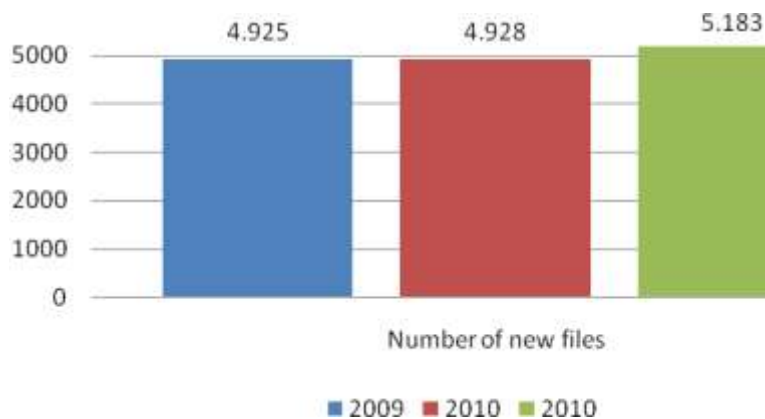
<sup>(1)</sup> This table does not include requests from FIU counterparts.



### 3. FILES

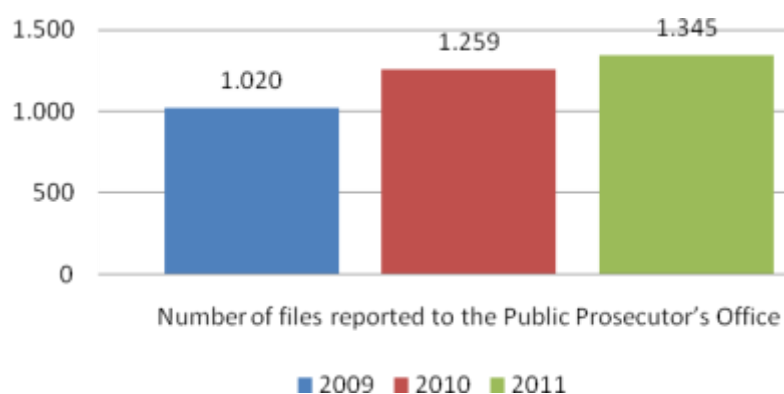
#### 3.1. Evolution of the number of new files by period

After a first analysis of the disclosures 5.183 new files were opened in 2011. This number is 5% higher than the number of new files in 2010 and 2009.



#### 3.2. Evolution of the number of files reported to the Public Prosecutor's Office

In 2011 1.345 files were reported to the Public Prosecutor's Office after CTIF-CFI's analysis showed serious indications of money laundering or terrorist financing as defined by the Law of 11 January 1993. The reported files refer to disclosures received in 2011 as well as in previous years.

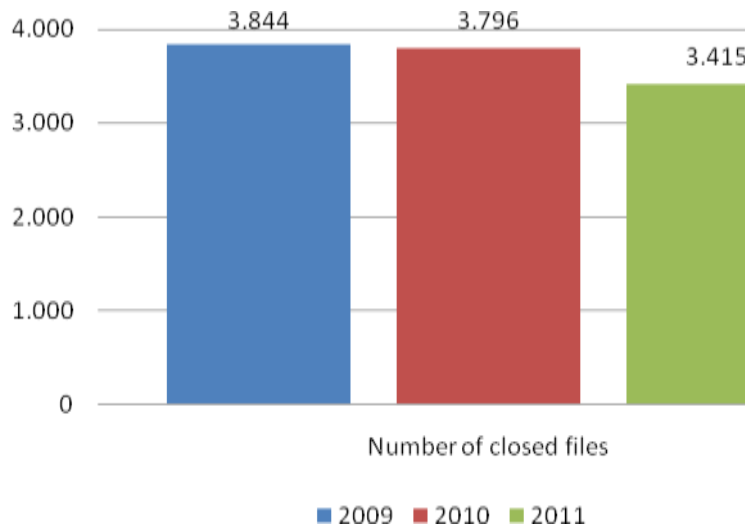


### 3.3. Evolution of the number of closed files

Between 1 January 2011 and 31 December 2011 CTIF-CFI closed 3.415 files due to the absence of serious indications of money laundering or terrorist financing as defined by the Law of 11 January 1993.

Number of closed files <sup>(1)</sup>	
2009	3.844
2010	3.796
2011	3.415

<sup>(1)</sup> Cf. [glossary](#)



Since its creation in 1993 CTIF-CFI has closed 32.497 files on a total of 49.571 opened files. These closed files represent 95.774 disclosures, i.e. 48,20 % of all disclosures (198.698).

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<sup>2</sup> if these should occur.

### 3.4. Evolution of the number of open files

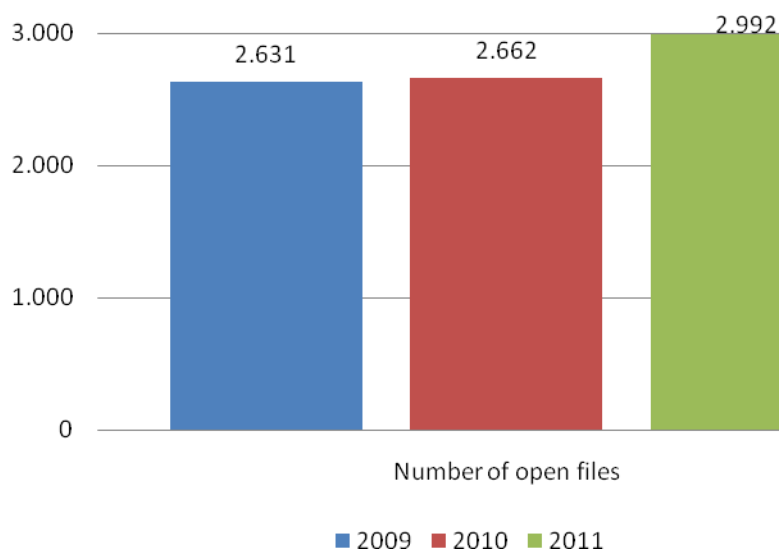
On 31 December 2011 2.992 files, which were opened in 2011 and in previous years, were still being processed.

Number of open files <sup>(1)</sup>	
on 31/12/2009	2.631
on 31/12/2010	2.662
on 31/12/2011	2.992

<sup>(1)</sup> Cf. [glossary](#)

<sup>2</sup> Cf. [glossary](#)





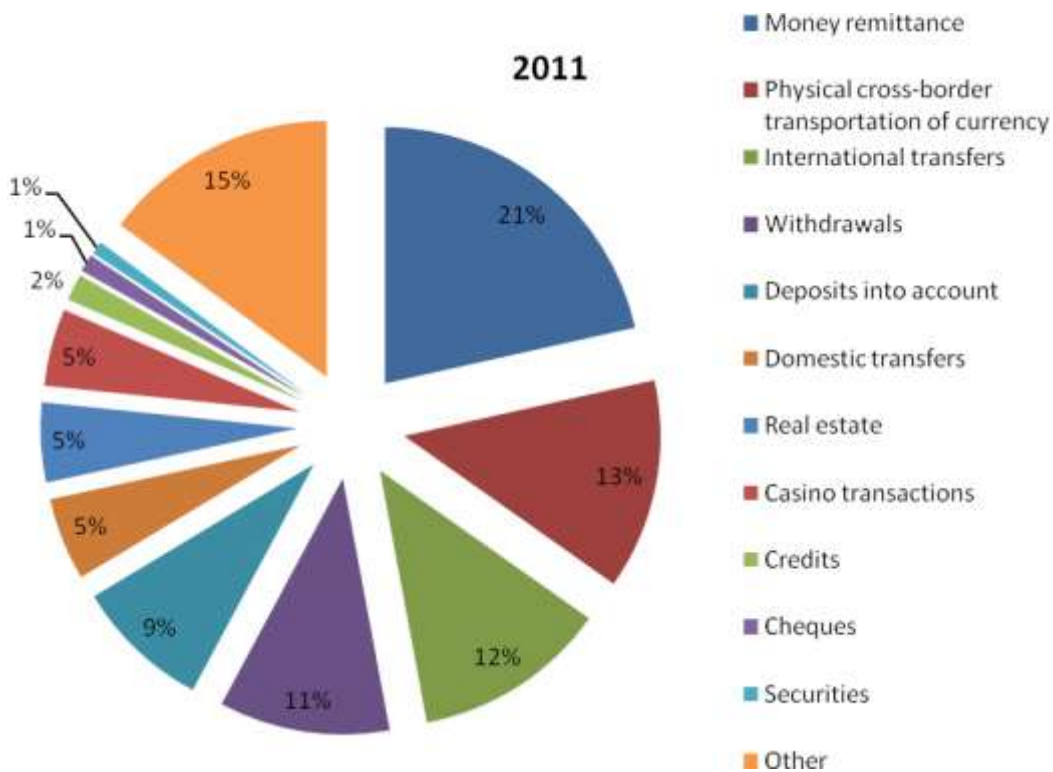
23% of the files still being processed on 31 December 2011 (i.e. 691 files) involve small amounts of money sent through money remittance. These 691 files represent a total amount of EUR 28,36 million.

### 3.5. Breakdown of files by type of main transaction

Transactions <sup>(1)</sup>	2009	2010	2011	% 2011
Money remittance	984	1.002	1.051	21,50
Physical cross-border transportation of currency <sup>(2)</sup>	636	683	650	13,30
International transfers	477	469	600	12,27
Withdrawals	655	499	527	10,78
Deposits into account	490	485	418	8,55
Domestic transfers	320	304	255	5,22
Real estate	197	127	245	5,01
Casino transactions	217	196	239	4,89
Credits	77	93	82	1,68
Cheques	60	60	54	1,10
Securities	69	55	40	0,82
Other	492	684	728	14,89
<b>Total</b>	<b>4.674</b>	<b>4.657</b>	<b>4.889</b>	<b>100</b>

(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.





#### 4. FILES REPORTED TO THE PUBLIC PROSECUTOR'S OFFICE

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 2011 CTIF-CFI reported 1.345 new files to the judicial authorities for a total amount of EUR 671,09 million.

If after reporting a file CTIF-CFI receives new disclosures (additional disclosures<sup>3</sup>) 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 2011 CTIF-CFI reported a total of 5.634 disclosures (new files and additional reported files) to the judicial authorities for a total amount of EUR 978,87 million.

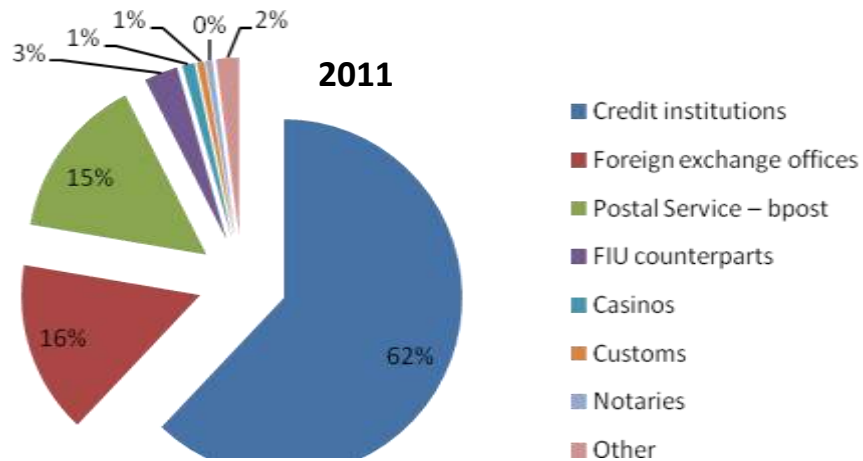
These reported files and disclosures are presented below by type of disclosing entity, type of transaction and predicate offence.

##### *4.1. Number of new files reported to the Public Prosecutor's Office by type of disclosing entity*

Evolution of the number of files reported to the Public Prosecutor's Office by category of disclosing entity in the past 3 years

	2009	2010	2011	% 2011
Credit institutions	599	761	835	62,08
Foreign exchange offices	256	341	210	15,61
Postal Service – bpost	104	64	199	14,80
FIU counterparts	18	22	41	3,05
Casinos	9	23	15	1,12
Customs	11	12	9	0,67
Notaries	10	19	8	0,59
Other	13	17	28	2,08
<b>Total</b>	<b>1.020</b>	<b>1.259</b>	<b>1.345</b>	<b>100</b>

<sup>3</sup> Cf. [glossary](#)



#### 4.2. Amounts involved in the files reported to the Public Prosecutor's Office

Evolution of the amounts<sup>(1)</sup> in the files reported to the Public Prosecutor's Office in the past 3 years

	2009	2010	2011	% 2011
Credit institutions	2.082,21	513,23	548,27	81,70
FIU counterparts	2,04	7,96	40,09	5,97
Foreign exchange offices	16,13	18,01	37,61	5,60
Postal Service – bpost	6,73	11,70	16,94	2,52
Accounting and tax professions	4,64	0,16	8,74	1,31
Notaries	1,39	11,52	4,09	0,61
Company auditors	11,18	15,13	2,77	0,41
Customs	1,85	5,54	1,62	0,24
Casinos	0,73	3,44	1,42	0,21
Stock broking firms	13,75	6,75	0,27	0,04
Other	0,77	1,49	9,27	1,39
<b>Total</b>	<b>2.141,42</b>	<b>594,93</b>	<b>671,09</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR



Breakdown of the disclosures reported to the Public Prosecutor's Office in 2009, 2010 and 2011

	2009		2010		2011	
	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>
Credit institutions	1.285	2.265,32	1.668	1.213,74	1.805	763,77
Foreign exchange offices	2.911	22,95	2.859	25,64	3.070	56,02
FIU counterparts	78	21,45	86	11,47	93	54,50
Life insurance companies	4	1,61	10	0,56	16	25,91
Postal Service – bpost	189	8,79	246	13,51	369	21,45
Accounting and tax professions	12	5,61	13	0,49	22	9,90
Notaries	34	30,85	56	18,73	28	7,47
Company auditors	5	11,18	6	15,13	7	2,77
Casinos	139	3,87	106	4,93	154	2,27
Customs	31	2,68	44	7,00	35	1,77
Stock broking firms	14	13,90	7	7,17	5	1,69
Other	9	0,53	18	3,12	30	31,35
<b>Total</b>	<b>4.711</b>	<b>2.388,74</b>	<b>5.119</b>	<b>1.321,49</b>	<b>5.634</b>	<b>978,87</b>

<sup>(1)</sup> Amounts in million EUR

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

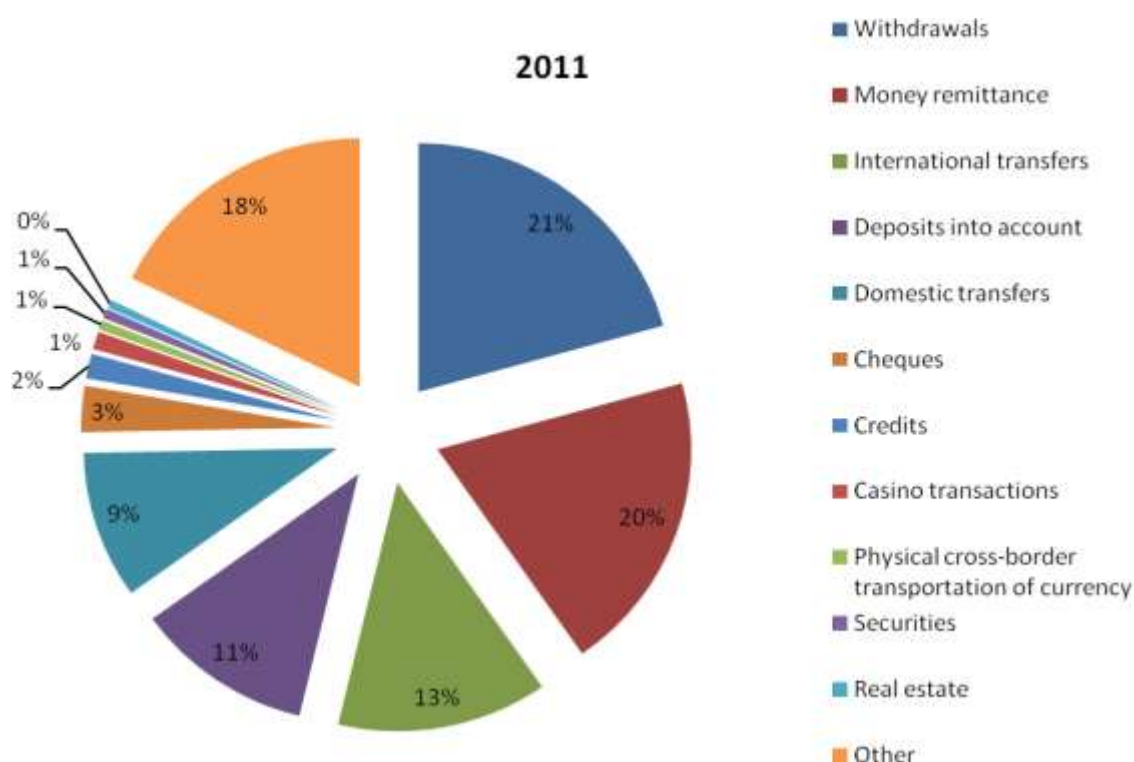
### 4.3. Breakdown of files reported to the Public Prosecutor's Office by type of transaction

Main transactions in files reported to the Public Prosecutor's Office – Evolution in the past 3 years<sup>(1)</sup>

Type of transactions	2009	2010	2011	% 2011
Withdrawals	204	270	270	20,71
Money remittance	301	312	256	19,63
International transfers	103	146	175	13,42
Deposits into account	97	90	148	11,35
Domestic transfers	83	120	125	9,59
Cheques	23	32	39	2,99
Credits	16	30	21	1,61
Casino transactions	9	23	15	1,15
Physical cross-border transportation of currency <sup>(2)</sup>	11	23	8	0,61
Securities	16	8	8	0,61
Real estate	12	17	7	0,54
Other	127	168	232	17,79
<b>Total</b>	<b>1.002</b>	<b>1.239</b>	<b>1.304</b>	<b>100</b>

<sup>(1)</sup> This table does not include requests from FIU counterparts.

<sup>(2)</sup> 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.





These figures show that cash transactions still play an important role in money laundering or terrorist financing transactions. When combining cash deposits, withdrawals, casino transactions, physical cross-border transportation of currency and money remittance cash transactions represent over half of the transactions (53,45%).

Domestic and international transfers are also important in reported files. Investments in securities and real estate still play a less important role.

Breakdown of files reported to the Public Prosecutor's Office in 2009, 2010 and 2011 by type of transaction <sup>(1)</sup>

Type of transactions	2009		2010		2011	
	Number	Amount <sup>(2)</sup>	Number	Amount <sup>(2)</sup>	Number	Amount <sup>(2)</sup>
International transfers	236	1.890,48	295	526,63	388	284,13
Domestic transfers	152	56,70	261	86,74	262	190,59
Withdrawals	218	65,22	502	156,36	511	129,79
Deposits into account	185	50,50	200	52,61	251	56,83
Money remittance	2.914	27,23	2.807	28,75	2.879	54,51
Real estate	34	23,18	48	18,14	28	14,63
Cheques	41	7,88	57	13,44	70	12,14
Credits	14	11,01	59	13,29	56	9,70
Securities	23	45,81	21	7,71	15	3,90
Casino transactions	139	3,88	104	4,88	154	2,27
Physical cross-border transportation of currency <sup>(3)</sup>	30	2,66	44	7,01	34	1,74
Other	647	182,74	635	394,46	893	164,14
<b>Total</b>	<b>4.633</b>	<b>2.367,29</b>	<b>5.033</b>	<b>1.310,02</b>	<b>5.541</b>	<b>924,37</b>

<sup>(1)</sup> This table does not include requests from FIU counterparts.

<sup>(2)</sup> Amounts in million EUR

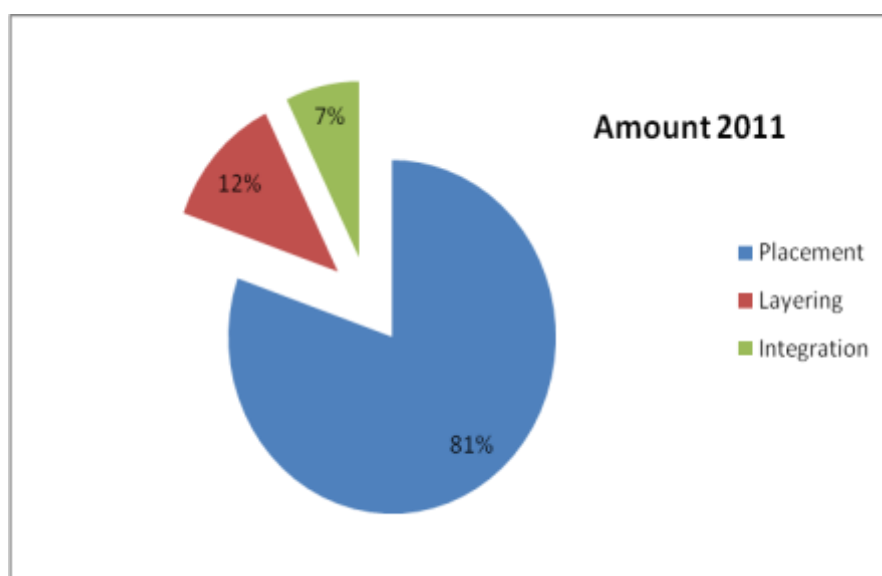
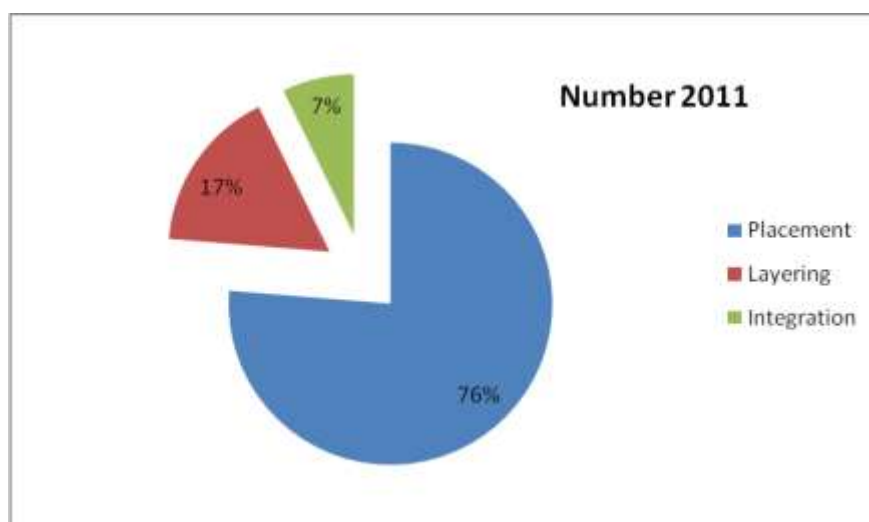
<sup>(3)</sup> In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency.

#### 4.4. Breakdown of files reported to the Public Prosecutor's Office by money laundering stage

	Number of reported files		Reported amounts <sup>(1)</sup>	
	2011	% 2011	2011	% 2011
Placement <sup>(2)</sup>	222	16,51	82,67	12,32
Layering <sup>(2)</sup>	1.026	76,58	539,51	80,39
Integration <sup>(2)</sup>	97	7,21	48,91	7,29
<b>Total</b>	<b>1.345</b>	<b>100</b>	<b>671,09</b>	<b>100</b>

(1) Amounts in million EUR

(2) Cf. [glossary](#)



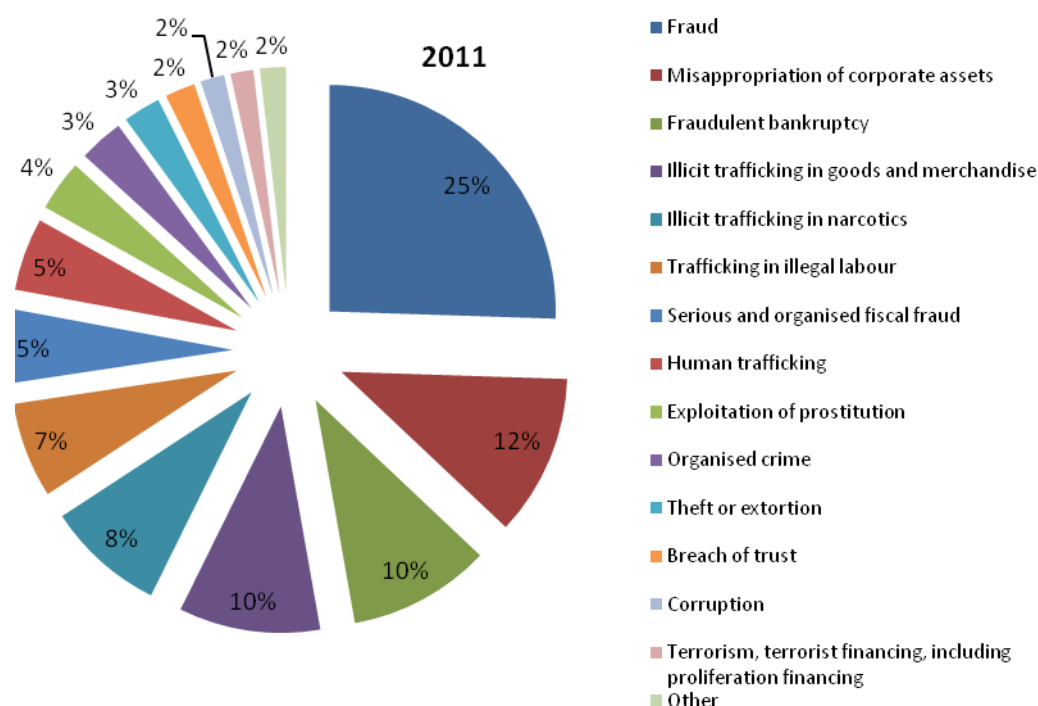




#### 4.5. Breakdown of files reported to the Public Prosecutor's Office by main type of predicate offence

Evolution in the past 3 years

Predicate offence	2009	2010	2011	% 2011
Fraud	283	306	343	25,50
Misappropriation of corporate assets	48	86	155	11,52
Fraudulent bankruptcy	78	115	137	10,19
Illicit trafficking in goods and merchandise	90	92	136	10,11
Illicit trafficking in narcotics	134	138	114	8,48
Trafficking in illegal labour	111	187	92	6,84
Serious and organised fiscal fraud	55	123	71	5,28
Human trafficking	60	53	70	5,20
Exploitation of prostitution	56	23	49	3,64
Organised crime	38	46	43	3,20
Theft or extortion	4	20	36	2,68
Breach of trust	23	16	29	2,16
Corruption	4	9	23	1,71
Terrorism, terrorist financing, including proliferation financing	13	19	22	1,63
Other	23	26	25	1,86
<b>Total</b>	<b>1.020</b>	<b>1.259</b>	<b>1.345</b>	<b>100</b>



#### 4.6. Breakdown of amounts in files reported to the Public Prosecutor's Office by main type of predicate offence

Evolution in the past 3 years<sup>(1)</sup>

<b>Predicate offence</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>% 2011</b>
Misappropriation of corporate assets	12,62	34,13	145,28	21,65
Illicit trafficking in goods and merchandise	26,71	142,00	112,78	16,81
Serious and organised fiscal fraud	107,47	192,67	97,73	14,56
Fraudulent bankruptcy	31,06	77,11	65,20	9,72
Fraud	18,44	33,61	52,80	7,87
Trafficking in illegal labour	30,01	33,67	43,57	6,49
Illicit trafficking in narcotics	11,79	10,99	24,36	3,63
Corruption	1,69	5,96	23,35	3,48
Organised crime	1.848,60	23,54	23,28	3,47
Provision of investment, foreign exchange or fund transfer services without authorization	2,77	4,42	14,97	2,23
Human trafficking	4,61	6,50	12,12	1,81
Breach of trust	12,59	4,39	7,47	1,11
Exploitation of prostitution	5,14	1,88	6,73	1,00
Stock market related offences	22,84	-	2,46	0,37
Terrorism, terrorist financing, including proliferation financing	0,42	6,29	1,97	0,29
Illicit public appeal for savings	0,02	12,29	0,96	0,14
Other	4,64	5,48	36,06	5,37
<b>Total</b>	<b>2.141,42</b>	<b>594,93</b>	<b>671,09</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR



Breakdown by predicate offence of files reported to the Public Prosecutor's Office in 2009, 2010 and 2011

Predicate offence	2009		2010		2011	
	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>
Serious and organised fiscal fraud	250	188,03	322	459,70	326	249,25
Misappropriation of corporate assets	159	34,49	222	46,26	308	179,15
Illicit trafficking in goods and merchandise	582	75,27	461	150,90	865	131,21
Fraud	939	31,05	1.032	49,39	1.232	90,82
Fraudulent bankruptcy	221	41,19	376	108,36	472	84,59
Trafficking in illegal labour	466	49,69	774	57,56	744	60,46
Illicit trafficking in narcotics	426	15,86	534	16,26	472	28,19
Organised crime	285	1.853,97	376	373,34	298	28,15
Human trafficking	336	8,37	400	8,11	204	14,59
Breach of trust	56	18,43	37	6,79	45	7,49
Exploitation of prostitution	669	6,23	243	2,30	251	7,22
Terrorism, terrorist financing, including proliferation financing	219	7,34	92	8,93	123	5,77
Theft or extortion	12	43,05	133	0,75	97	1,73
Other	91	15,77	116	32,84	197	90,25
<b>Total</b>	<b>4.711</b>	<b>2.388,74</b>	<b>5.119</b>	<b>1.321,49</b>	<b>5.634</b>	<b>978,87</b>

<sup>(1)</sup> Amounts in million EUR

#### 4.7. Breakdown of files reported to the Public Prosecutor's Office 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 Public Prosecutor in 2009, 2010 and 2011.

Nationality	2009	2010	2011	% 2011
Belgian	446	557	704	52,34
French	47	44	70	5,20
Dutch	69	97	63	4,68
Moroccan	18	30	39	2,90
Turkish	12	29	31	2,30
Italian	20	16	29	2,16
Brazilian	68	110	28	2,08
Portuguese	27	58	25	1,86
Nigerian	26	31	25	1,86
Congolese (DRC)	22	11	22	1,64
Bulgarian	25	17	21	1,56
Romanian	21	14	21	1,56
Cameroonian	14	15	20	1,49
Russian	18	21	18	1,34
British	8	17	15	1,12
German	10	10	12	0,89
Pakistani	9	-	9	0,67
Albanian	9	7	8	0,59
Angolan	4	-	8	0,59
Spanish	7	9	7	0,52
Chinese	16	7	7	0,52
Iranian	4	-	6	0,45
Ivorian	8	20	4	0,30
Lebanese	5	-	4	0,30
Greek	4	7	3	0,22
Senegalese	4	-	3	0,22
Algerian	-	-	3	0,22
Israeli	-	8	2	0,15
Guinean	-	-	2	0,15
Rwandan	-	-	2	0,15
Other	99	124	134	9,97
<b>Total</b>	<b>1.020</b>	<b>1.259</b>	<b>1.345</b>	<b>100</b>



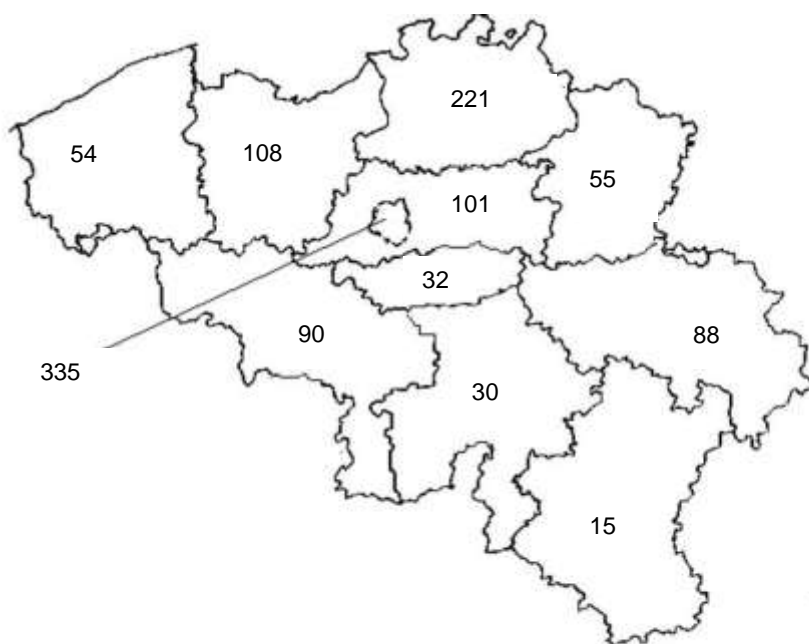
#### 4.8. Breakdown of files reported to the Public Prosecutor's Office by place of residence of the main person involved

The tables below provide the breakdown by place of residence of the main person involved in the 1.345 files reported to the Public Prosecutor's Office in 2011.

##### 4.8.1. Residence in Belgium

The table below provides the breakdown by place of residence in Belgium of the main person involved for the 1.129 files reported to the Public Prosecutor's Office.

	Number of files	%
Brussels	335	29,67
Antwerpen	221	19,57
Oost-Vlaanderen	108	9,57
Vlaams-Brabant	101	8,95
Hainaut	90	7,97
Liège	88	7,79
Limburg	55	4,87
West-Vlaanderen	54	4,78
Brabant Wallon	32	2,83
Namur	30	2,66
Luxembourg	15	1,33
<b>Total</b>	<b>1.129</b>	<b>100</b>



#### 4.8.2. Residence abroad

The table below presents the breakdown for the 216 files reported to the Public Prosecutor's Office in which the main individual involved resided abroad.

Country of residence	from 01/01/2011 to 31/12/2011	%
France	53	24,54
Netherlands	24	11,11
United Kingdom	14	6,48
Nigeria	10	4,63
Côte d'Ivoire	8	3,70
Germany	8	3,70
Bulgaria	8	3,70
Tunisia	7	3,24
Spain	5	2,31
Russia	4	1,85
Ghana	4	1,85
Democratic Republic of the Congo	4	1,85
Romania	4	1,85
Switzerland	4	1,85
Brazil	3	1,39
South Africa	3	1,39
Italy	3	1,39
Other	50	23,15
<b>Total</b>	<b>216</b>	<b>100</b>

The individuals are mostly Belgian (52,34 %), French and Dutch nationals. Many individuals also originate from Eastern Europe or Africa or are nationals from these areas. There are very few or no citizens of the American or Asian continent. Brazilian and Portuguese nationals also feature in several files reported to the Public Prosecutor's Office, although fewer than last year.



**4.9. Breakdown by Public Prosecutor's Office of files reported to the Public Prosecutor between 01/12/2007 and 31/12/2011 and follow-up action by the judicial authorities**

Public Prosecutor's Office	Total	%	Conv. <sup>(1)</sup>	Ref.	Inv.	Dis.	FJA	Clos.	Enq.
Brussels	2.128	37,16	54	35	79	10	10	1.293	546
Antwerpen	870	15,19	24	23	30	9		638	142
Liège	256	4,47	13	12	22	1	3	110	90
Gent	252	4,4	25	9	14	2		148	52
Charleroi	227	3,96	9	7	20		1	108	74
Dendermonde	202	3,53	11	6	22			82	71
Fed. Pub. Pros.	187	3,27	6	8	11	5	4	89	56
Hasselt	165	2,88	5	8	3	1		126	22
Brugge	159	2,78	8	11	13	3	4	88	31
Turnhout	154	2,69	9	3	8			85	49
Tongeren	142	2,48	19	8	8	1		75	28
Leuven	131	2,29	7	5	9		1	80	27
Mons	125	2,18	2		8			44	68
Kortrijk	120	2,10	8	7	4	2	5	72	22
Namur	102	1,78	3	5	11			36	40
Tournai	85	1,48	4	5	7	1	6	26	34
Nivelles	77	1,34	4	3	12			26	27
Mechelen	70	1,22	9	2	5	4		24	26
Oudenaarde	53	0,93	1	2	1			18	31
Verviers	37	0,65	4	2	3		1	16	10
Eupen	35	0,61	1		1		6	19	8
Arlon	30	0,52		1	1		3	11	14
Dinant	25	0,44	2		4		1	4	11
Huy	22	0,38	1		6			7	8
Veurne	22	0,38			3		1	7	11
Ieper	21	0,37	2	3	1	2		10	3
Marche-en-Famenne	16	0,28	4	1	4		1	2	2
Neufchâteau	14	0,24	1	2	2		1	2	5
<b>Total</b>	<b>5.727</b>	<b>100</b>	<b>236</b>	<b>168</b>	<b>312</b>	<b>41</b>	<b>48</b>	<b>3.246</b>	<b>1.508</b>

(1) Some of these judgments are not final.

(2) In 168 cases CTIF-CFI has not yet been informed of the judicial follow-up.

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

Even though the statistics with regard to the judicial follow-up only reflect part of the issue reviewing judgments pronounced between 2007 and 2011 in judicial cases with information from CTIF-CFI it does provide a, albeit partial, picture of the judicial follow-up with the various convictions.

### **Judgments for money laundering where the judge identified predicate offences**

Cases with convictions for money laundering where the judge identified predicate offences are the most frequent ones. In 57% of the files from CTIF-CFI resulting in a conviction courts and tribunals pronounced judgments for money laundering and one (or more) predicate offence(s) was (were) identified. These are mainly:

- fraud (16 %)
- serious and organised fiscal fraud (14 %)
- illicit trafficking in narcotics (13 %)

It should be noted that judgments for laundering the proceeds of misappropriation of corporate assets (4%) or fraudulent bankruptcy (7%) have increased over the years.

Judges also frequently pronounce judgments for money laundering and identify several predicate offences. The most common groups of predicate offences are listed below:

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

### **Judgments for money laundering**

22% of the files from CTIF-CFI resulted in a judgment for money laundering only, without any identified link with a specific predicate offence and only the illegal origin of the funds was taken into consideration. This shows that money laundering is an autonomous offence. The offence of article 505 of the Penal Code does not depend on the specific proof of the predicate offence.

### **Judgments for a predicate offence**

21% of the files from CTIF-CFI resulted in a conviction for a predicate offence without a link to the offence of money laundering. These predicate offences are mainly:

- fraud (3,5 %)
- serious and organised fiscal fraud (3,2 %)
- fraudulent bankruptcy (2,6 %)
- illicit trafficking in narcotics (2,6 %)





#### 4.10. Judicial follow-up – judicial seizures

The table below shows the total amounts frozen by CTIF-CFI in 2011 broken down by 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 2011 in files considered to be urgent because CTIF-CFI decided to freeze the transaction or because large amounts could still be seized.

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

Public Prosecutor's Office	Freezing orders CTIF-CFI Total amount 2011 <sup>(1)</sup>	Judicial seizures Total amount 2011 <sup>(1)</sup>	Judicial seizures / Freezing orders CTIF-CFI (%)
Antwerpen	5.015.457,37	3.728.708,11	74,34
Brugge	85.000,00	85.000,00	100,00
Brussel	166.484.318,43	3.606.475,08	4,64 <sup>(2)</sup>
Kortijk	3.446.117,84	1.740.220,00	50,50
Gent	34.850,00	-	0,00
Hasselt	15.000,00	150.491,95	-
Liège	6.516.495,56	6.064.448,74	93,08
Federal Public Prosecutor's Office	689.866,00	-	0,00
Turnhout	900.000,00	386.674,43	42,96
Tournai	41.368,00	-	-
Dinant	20.268,77	20.268,77	100,00
Mechelen	-	7.441.369,47	-
<b>Total</b>	<b>183.248.741,97</b>	<b>23.223.656,55</b>	

<sup>(1)</sup> Amounts in EUR

<sup>(2)</sup> This percentage was calculated without taking into account the freezing order in a file involving EUR 88,67 million mentioned below.

In 2011 CTIF-CFI froze a transaction on two occasions without subsequently reporting these cases to the judicial authorities, involving a total amount of EUR 345.603,40.

There are two reasons why the amount of judicial seizures in 2011 is lower than in 2010 (EUR 116,46 million):

- in 2010 the judicial authorities seized over EUR 110 million in a file where CTIF-CFI froze a transaction in accordance with Article 23 § 2 of the Law of 11 January 1993.
- in 2011 CTIF-CFI also used Article 23 § 2 to freeze transactions on numerous occasions. Two significant transactions stood out: the freezing order against a transfer of EUR 60 million (the Public Prosecutor's Office decided not to extend the freezing order) and the freezing order against issuing securities (that later turned out to be fake) for EUR 88,67 million.

#### 4.11. Judicial follow-up – fines – confiscations

The table 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 (2007 to 2011) and of which CTIF-CFI received feedback. When examining these figures it should be noted that for a large number of files securing evidence may take longer than five years. This is the case for files related to economic and financial crime, representing over 50% of the reported files. Moreover, for some decisions an appeal was lodged.

	<b>Fines 2007 to 2011<sup>(1)</sup></b>	<b>Confiscations 2007 to 2011<sup>(1)</sup></b>	<b>Total<sup>(1)</sup></b>
Antwerpen	1.080.168	20.685.400	21.765.568
Brugge	1.037.219	21.339.726	22.376.945
Brussels	2.835.345	47.725.653	50.560.998
Charleroi	170.587	1.261.438	1.432.025
Dendermonde	264.112	693.137	957.249
Dinant	146.800	411.490	558.290
Tournai	94.846	1.224.556	1.319.402
Eupen	7.700	130.320	138.020
Gent	1.672.358	2.313.343	3.985.701
Hasselt	1.254.375	1.021.124	2.275.499
Huy	11.000	95.020	106.020
leper	19.800	11.105	30.905
Kortrijk	-	22.060	22.060
Leuven	-	19.600	19.600
Liège	249.187	2.100.656	2.349.843
Marche-en-Famenne	16.500	75.000	91.500
Mechelen	47.895	1.622.805	1.670.700
Namur	8.250	742.927	751.177
Nivelles	778.025	11.130.741	11.908.766
Oudenaarde	2.000	-	2.000
Tongeren	703.707	9.557.108	10.260.815
Turnhout	109.227	3.831.401	3.940.628
Verviers	5.000	358.214	363.214
Veurne	-	871.449	871.449
<b>Total</b>	<b>10.514.101</b>	<b>127.244.273</b>	<b>137.758.374</b>

<sup>(1)</sup> Amounts in EUR

In 2010 CTIF-CFI started two projects aimed at improving the follow-up of reported files, especially in priority situations or cases where large amounts can be seized and confiscated.

In 2011 the project appointing a contact Public Prosecutor at each Office started to take shape. In the course of the year CTIF-CFI held meetings with the prosecutors of the Dutch-speaking and French-speaking Offices that receive the largest number of reported files.

A central database of reported files was also developed that can be accessed by the Public Prosecutors, examining magistrates, and police services and the judicial follow-up of files can be added. This second project by CTIF-CFI was completed in March 2012.

Public Prosecutors, examining magistrates and police services have had access to this encrypted database secured with user name and password since April 2012.



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

When CTIF-CFI reports a file to the judicial authorities related to serious and organised fiscal fraud CTIF-CFI informs the Minister of Finance. This also the case when CTIF-CFI reports a file related to illicit trafficking in goods and merchandise and/or illicit trafficking in narcotics, both falling under the competence of the Customs and Excise Administration<sup>4</sup>.

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

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

The Board for combating tax fraud and social fraud [*College voor de strijd tegen de fiscale en sociale fraude / Collège pour la lutte contre la fraude fiscale et sociale*] initiated a project to assess the efficiency of this measure and the tax revenue for the state. The 2010 annual report contains some statistics on the number of consulted judicial files based on the files reported to the AFC.

Some figures, albeit partial, are already available in terms of additional tax revenue. Based on information from CTIF-CFI Customs and Excise reported fraudulent import of diamonds based on a fake import declaration of rough diamonds. In another file from CTIF-CFI a fraud network involving beverages was discovered in Liège.

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<sup>4</sup> Cf. art. 35 § 2 par. 7 of the Law of 11 January 1993 – [www.ctif-cfi.be](http://www.ctif-cfi.be) – Legal provisions – Belgian legislation





## III. MONEY LAUNDERING AND TERRORIST FINANCING TRENDS

### 1. INTRODUCTION

A number of money laundering and terrorist financing trends were identified on the basis of the operational work of financial analysts and following typological<sup>5</sup> and strategic<sup>6</sup> analysis of the files reported to the judicial authorities in 2011.

For the most relevant predicate offences the description of money laundering and terrorist financing trends includes an overview of specific statistics and financial flows<sup>7</sup>, illustrated by one or more cases. The trend analysis is based on the files reported to the judicial authorities in 2011. The choice of the predicate offence was also determined by the importance of these predicate offences. These predicate offences, either because of the number of cases or the amount involved, can be considered as main motives for money laundering. Some other predicate offences that are less important quantitatively speaking are also discussed. These are relevant as an illustration of a new trend and may influence the national money laundering threat assessment.

The predicate offences for money laundering identified by CTIF-CFI (serious and organised fiscal fraud, fraud, illicit trafficking in goods, merchandise and arms, illicit trafficking in narcotics, human trafficking,...) and combating terrorism and terrorism financing are some of the government's main security<sup>8</sup> priorities. The government considers the anti-money laundering system to be an important tool to confiscate criminal assets and generate additional revenue for the state.

The specific statistics provide the number of cases and the total amount of money laundering and terrorism financing for the files reported to the judicial authorities in 2011. They include a geographical breakdown by Public Prosecutor's Office and the judicial follow-up.

The analysis of financial flows also demonstrates the cross-border nature of transactions, the international aspect of transactions being very important in money laundering and terrorist financing. The financial flows indicate that Belgium is the country of origin or destination of funds when no cross-border transactions are carried out, such as cash deposits and domestic payments. Furthermore, Belgium is the central hub where international transfers to and from foreign countries are carried out.

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

In this annual report CTIF-CFI wanted to focus even more on the judicial follow-up of reported files. [Section 3](#) contains two cases demonstrating that based on partial information from CTIF-CFI (from disclosing entities) investigators using their investigative powers (international letter rogatory, interrogation of suspects, seizures,...) could join the pieces of the puzzle resulting in charges, convictions, seizures and confiscations. [Section 4](#) of this chapter contains jurisprudence of courts and tribunals.

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<sup>5</sup> Cf. [glossary](#)

<sup>6</sup> Cf. [glossary](#)

<sup>7</sup> Cf. [glossary](#)

<sup>8</sup> Cf. National Security Plan 2012-2015 – Together ensuring a safer and livable society – Belgian Federal Police <http://www.polfed-fedpol.be/pub/pdf/PNS2012-2015.pdf>

## 2. SPECIFIC OFFENCES

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

#### *2.1.1. Statistics*

In 2011 CTIF-CFI reported 71 files to the judicial authorities because of serious indications of laundering proceeds of serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension.

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

The latter may involve complex European and/or international constructions. Legal, economic and financial manoeuvres are also often used in the money laundering cycle. At the same time or later on in the process constructions used to set up the fraud itself are involved. This fraud is sometimes quite targeted, in other cases the fraud will last for some time. It is well-known that these organised structures, aimed at concealing the true beneficial owner, use every possible geographical, legal, material and human boundary to make their transactions and their genuine motive as unclear as possible (front companies, front men, forgery, untransparent financial centres,...). They always involve large amounts of money.

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>% 2011</b>
Number of files	55	123	71	5,28
Amounts <sup>(1)</sup>	107,47	192,67	97,73	14,56

<sup>(1)</sup> Amounts in million EUR

Compared to 2010 there was a decrease in the number of files CTIF-CFI reported to the judicial authorities because of serious indications of laundering proceeds of serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension. This drop is partially due to the fact that exceptionally 36 files related to mortgages were reported in 2010. These mortgages were obtained by using counterfeit or forged documents and the repayment of these mortgages was used to launder the proceeds of fiscal fraud<sup>9</sup>.

In 2011 CTIF-CFI reported several files to the judicial authorities because of serious indications of laundering the proceeds of illicit trafficking in goods and merchandise and/or serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension. In these cases the first predicate offence was listed in the statistics. This partially explains the decrease in the number of reported predicate files related to serious and organised fiscal fraud and the increase of the reported files related to illegal trafficking in goods and merchandise (cf. [2.3.](#) below).

<sup>9</sup> Cf. 2.1. of section IV. Money laundering and terrorist financing trends – page 90 of CTIF-CFI's 2010 annual report.



## Breakdown according to the type of fraud in 2011

	Number of files		Amounts <sup>(1)</sup>	
	2011	% 2011	2011	% 2011
Other fiscal fraud	56	78,87	72,06	73,73
VAT carousel fraud	15	21,13	25,67	26,27
<b>Total</b>	<b>71</b>	<b>100</b>	<b>97,73</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR

The table above shows that the files related to VAT carousel fraud represent 21,13% of the total number of reported files, yet 25,67 % of the amounts of the reported files. By contrast the reported files related to other types of serious and organised fiscal fraud represent 78,87 % of the number of reported files but only 73,73 % of the amounts.

Cracking down on VAT carousel fraud seems to yield results as the number of files and corresponding amounts dropped sharply in 2011 (from 29 to 15 files – from EUR 111,90 million to EUR 25,67 million). The number of reported files (the amounts reported for VAT carousel fraud were still significant in 2010) has been decreasing in recent years and this trend continued in 2011.

Another explanation for this decrease is the decline in the number of files related to VAT carousel fraud in the field of carbon emission rights (see table below). In 2010 there were three such files, in 2011 just one (for a small amount). As stated in the annual reports 2010 and 2009 the modus operandi of VAT carousels in the field of carbon emission fraud often involves large amounts of money (several million EUR).

## Breakdown of files reported in 2011 involving VAT carousels by type of goods

	Number	Amounts <sup>(1)</sup>
Phone, computers, hi-fi and video	4	15,39
Cars and car parts	4	4,93
Drinks	3	1,74
Carbon emission rights	1	0,1
Other	3	3,60
<b>Total</b>	<b>15</b>	<b>25,67</b>

<sup>(1)</sup> Amounts in million EUR

## 2.1.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2011 related to serious and organised fiscal fraud by Public Prosecutor's Office

CTIF-CFI reported 30,99% of the files to the Public Prosecutor's Office in Brussels. CTIF-CFI reported 21,13% of the files, also representing the largest laundered amount, to the Public Prosecutor's Office in Antwerpen.

	Total number 2011	Total number %	Total amount 2011 <sup>(1)</sup>	Total amount %
Antwerpen	15	21,13	35,53	36,35
Brussels	22	30,99	29,33	30,02
Liège	1	1,41	6,13	6,27
Nivelles	1	1,41	3,90	4,00
Eupen	4	5,63	3,74	3,83
Turnhout	3	4,23	3,66	3,75
Kortrijk	4	5,63	3,26	3,33
Gent	4	5,63	2,95	3,02
Dendermonde	4	5,63	2,78	2,84
Tongeren	2	2,82	2,04	2,08
Veurne	2	2,82	1,09	1,11
Mechelen	1	1,41	0,65	0,66
Tournai	2	2,82	0,65	0,66
Namur	1	1,41	0,62	0,63
Hasselt	1	1,41	0,45	0,46
Dinant	1	1,41	0,40	0,41
Huy	1	1,41	0,28	0,29
Arlon	1	1,41	0,22	0,22
Charleroi	1	1,41	0,05	0,05
<b>Total</b>	<b>71</b>	<b>100</b>	<b>97,73</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR

Breakdown of the number of files reported in 2011 related to serious and organised fiscal fraud according to the decision taken by the Public Prosecutor

The table below shows that a police investigation is ongoing in 61,97 % of the reported files and a judicial investigation is ongoing in 9,86 % of the reported files.

	2011	% 2011
Police investigation	44	61,97
Dismissal	17	23,94
Judicial investigation	7	9,86
No information received yet	3	4,23
<b>Total</b>	<b>71</b>	<b>100</b>



The graphs below indicate the main countries of origin or destinations of funds in the 71 files reported for serious and organised fiscal fraud.

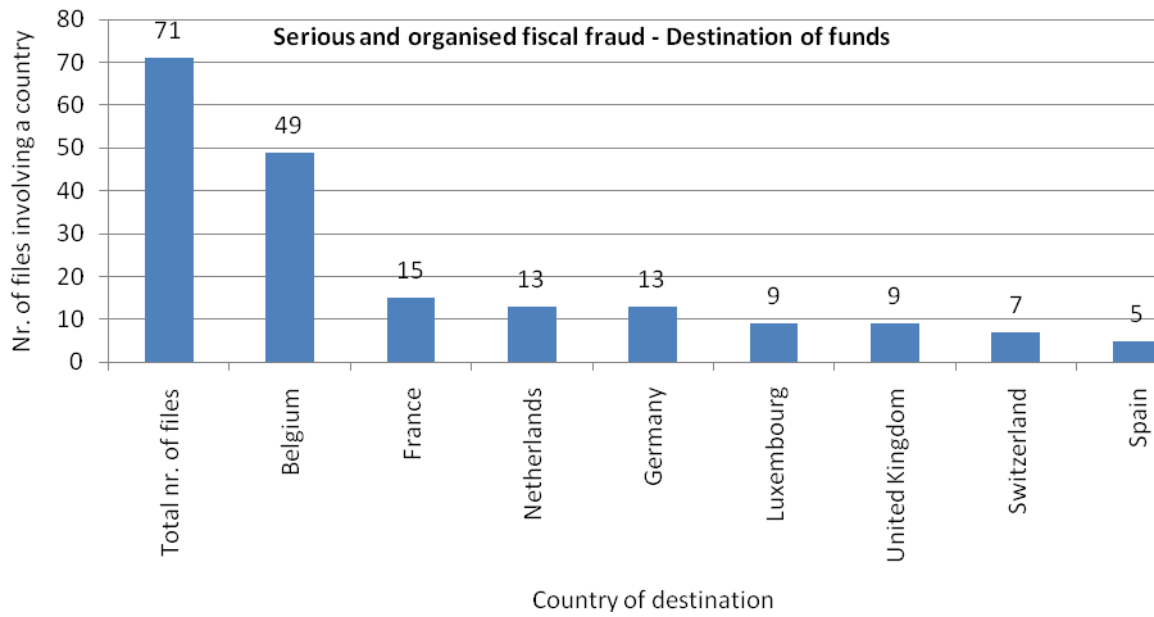
The analysis of the financial flows mainly shows that:

- files related to VAT carousel fraud (traditional VAT carousels) mainly involve cash transactions and numerous domestic transfers or payments using bank cards;
- transactions with foreign counterparties are more common in files related to other forms of serious and organised fiscal fraud;
- financial flows of transactions related to other serious and organised fiscal fraud involve countries that can be identified as untransparent financial centres (because they feature on a list published by the OECD or another international body in recent years) for fairly considerable amounts;
- financial flows of transactions related to other serious and organised fiscal fraud often involve several neighbouring countries (France, Germany, Netherlands) confirming the assertion that one neighbouring country is often a tax haven for another neighbouring country.

Apart from two large cases from 2010 with Germany and Romania (EUR 117 million) and the Netherlands (EUR 44 million) related to VAT carousel fraud we can conclude that the counterparties are generally located in the same countries and that the amounts of 2011 roughly correspond to those of 2010. As to other forms of serious and organised fiscal fraud some countries feature even more prominently than last year: Luxembourg (EUR 27,92 million in 2011 compared to just EUR 4,2 million in 2010), France (EUR 16,63 million in 2011 compared to just EUR 1,2 million in 2010), the Netherlands (EUR 10,5 million in 2011 compared to just EUR 2,9 million in 2010) and also Switzerland.

Other countries that did not feature last year have now emerged: British Virgin Islands (EUR 6,8 million), Curaçao (EUR 2,8 million), Tunisia (EUR 11,54 million). The Arab Spring is a possible explanation for the increase in the number of transactions identified in 2011 from or to this last region.

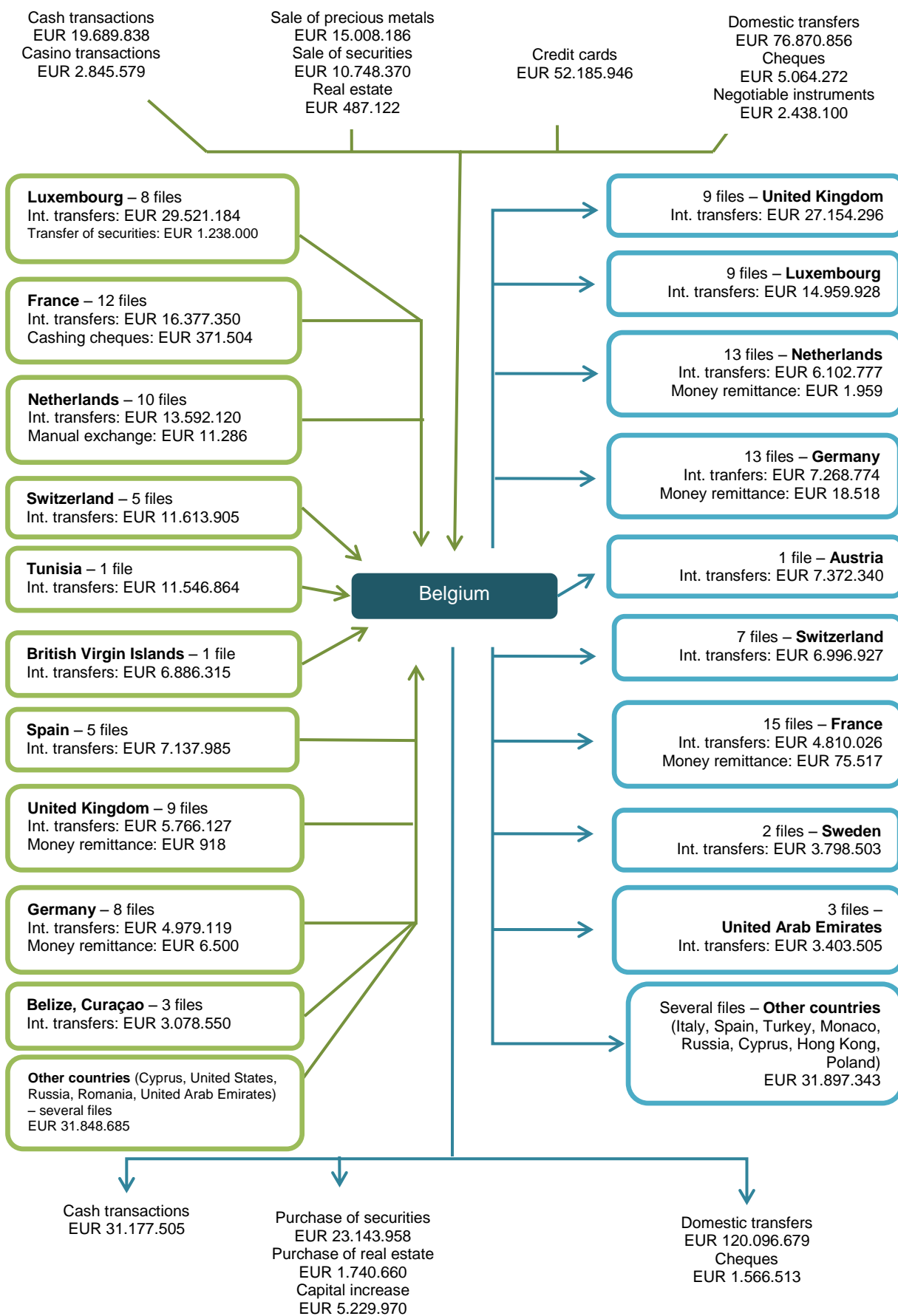




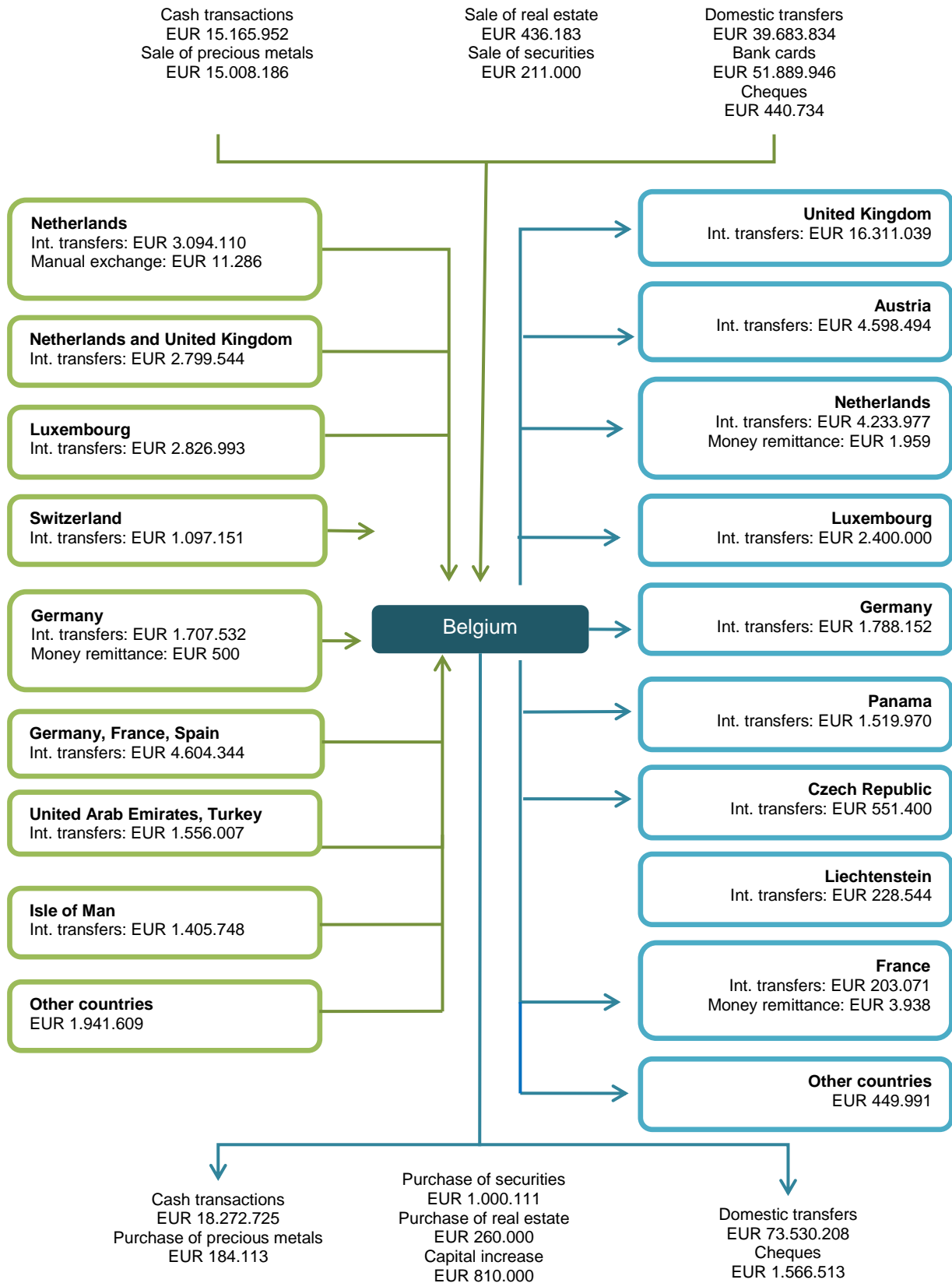
The figures in the graphs above refer to the files reported in 2011 and the amounts may refer to financial transactions of 2011 or before. The amounts in the financial flow diagrams may be higher than the amounts stated in the statistics in chapter III as the diagrams of the financial flows contain all of the incoming and outgoing transactions of individual files, where the statistics only contain the amounts that are considered to be suspicious.



### Serious and organised fiscal fraud – diagram

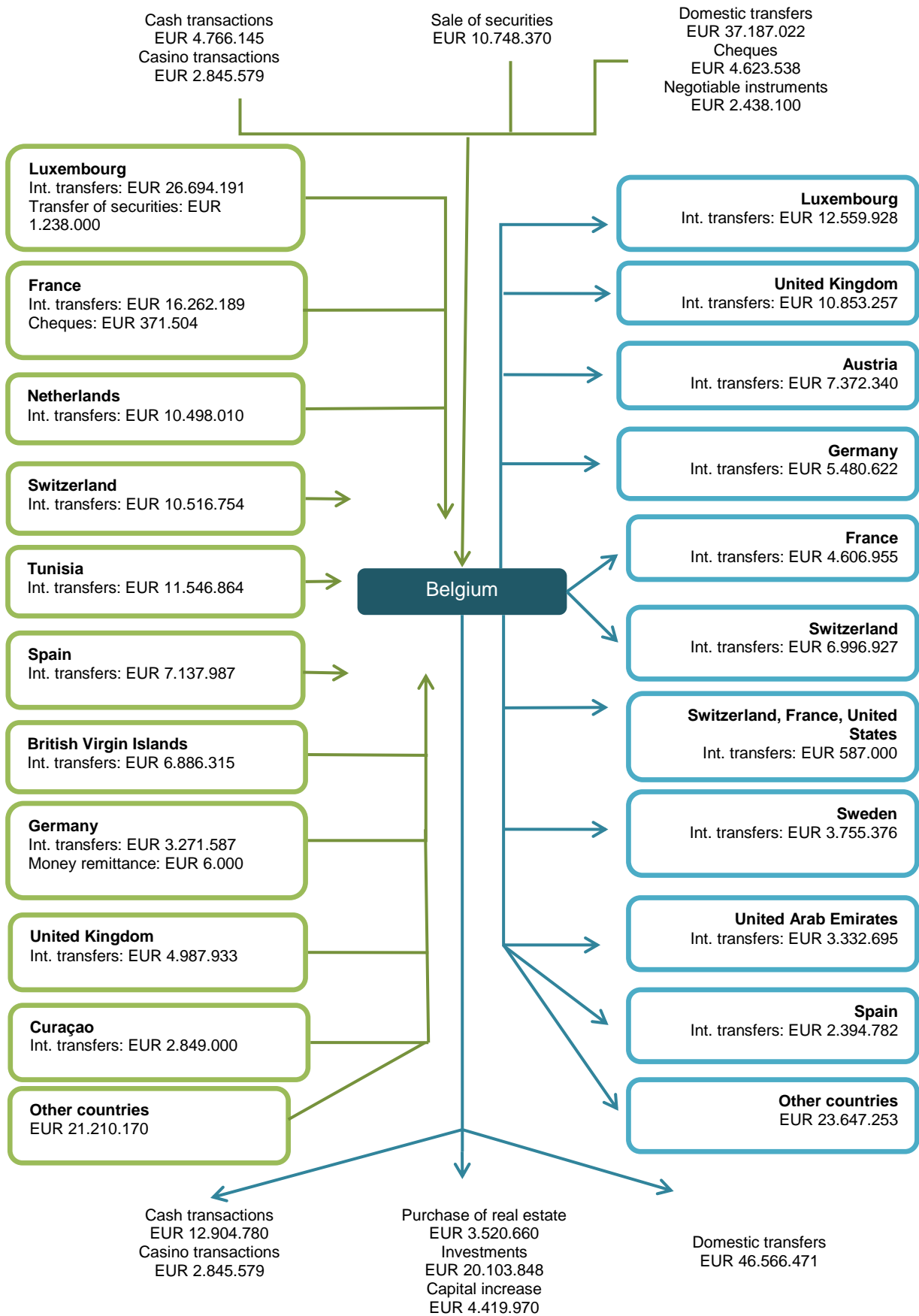


## Serious and organised fiscal fraud – VAT carousel fraud – diagram





### Serious and organised fiscal fraud – other fraud – diagram



The features and indicators related to VAT carousel identified in recent years are still valid.

Given that this offence is less common and was already discussed in detail in previous years this section only contains cases relating to other forms of serious and organised fiscal fraud.

#### **Case 1: Other serious and organised fiscal fraud – companies established in untransparent financial centres and use of trusts**

Offence	Money laundering Serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	International transfers
Jurisdictions involved	Belgium, Delaware, British Virgin Islands, Switzerland, Russia
Disclosing entities	Banks
Warning signals	- No link with Belgium - Transit account - Involvement of untransparent financial centres - Use of trusts

Company A, established in the state of Delaware, held various accounts with a bank in Belgium. The accounts of this foreign company were managed by two Russian nationals. Information from the Russian FIU showed that these companies held positions with various companies in Russia, including some in the construction industry. The two Russian businessmen did not have any links to Belgium as they did not live here or hold any position with a Belgian company. They nevertheless came to Belgium to open accounts in order to channel funds.

The company's Belgian USD account was credited with various international transfers by order of company B, established in Tortola in the British Virgin Islands. The credited amounts were transferred to two trusts in Switzerland. The references accompanying these transfers stated "contribution to the trust fund on behalf of the settlor".

The EUR account was credited with funds from company C, an investment bank targeting emerging markets such as Russia. The credited funds were then transferred to accounts of the same two trusts in Switzerland. The same references were used as the ones for the transfers from the USD account, i.e. "contribution to the trust fund on behalf of the settlor", indicating that the funds were transferred to trusts and the two Russian nationals were the beneficiaries behind these two trusts.

Given the international scale of the transactions, the use of transit accounts, involvement of companies established in untransparent financial centres, the lack of economic rationale behind the use of a Belgian account and the substantial amounts involved CTIF-CFI believed this file was linked to serious and organised fiscal fraud. The funds probably originated from activities undeclared to the Russian tax authorities.



## Case 2: Other serious and organised fiscal fraud – use of a jurisdiction with a favourable tax system

Offence	Money laundering Serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension (other fraud)
Parties involved	Natural person Legal person
Sectors involved	Financial institutions
Channels used	International transfers Domestic transfers Cheques Cash withdrawals
Jurisdictions involved	Belgium, Hong Kong, France, Spain, China
Disclosing entities	Bank
Warning signals	- The transactions did not correspond to the customer's professional situation (unemployment benefits) - Use of a jurisdiction with a favourable tax system

Textile company A established in Hong Kong was led the Belgian national X. This company held an account in Belgium that was credited with transfers from France and Spain and foreign cheques were cashed. The debit transactions consisted of transfers to Belgian transport companies and transfers to suppliers in China as well as Hong Kong.

Apart from these transactions demonstrating company A's commercial activities X also used the company's account in Belgium to withdraw cash for private expenses.

The transactions showed that company A's activities took place in Belgium and that X, holding power of attorney on A's account, used the income from A's commercial activity for private purposes.

In Hong Kong only income generated in Hong Kong is taxed. The document submitted by company A showed that the goods were ordered in Asia, shipped to Belgium (by ship or by plane) in order to be sold to European customers. Not a single document referred to Hong Kong. Given the tax system applicable in Hong Kong company A presumably did not pay any local taxes. Nor did company A pay any corporate tax or VAT in Belgium.

X's account was not frequently used, although he did get unemployment benefits. Furthermore it could be concluded that in a period of twelve months X resided in Belgium for over 183 days. In Belgium taxes can be levied when an individual resides in Belgium for over 183 days of the fiscal year. This means that X should have declared his income as manager of A in Belgium.

By using the proceeds of illegal commercial activities for new commercial activities proceeds of serious and organised fiscal fraud were laundered.

### Case 3: Other serious and organised fraud – use of a transit account

Offence	Money laundering Serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension (other fraud)
Parties involved	Natural person Legal person
Sectors involved	Financial institutions
Channels used	International transfers
Jurisdictions involved	Belgium, United States, Switzerland, Liechtenstein
Disclosing entities	Bank
Warning signals	- The origin and destination of foreign funds were unclear - Transit account - The customer is linked to fiscal fraud in commercial databases in the United States

X, a man in his eighties living in Belgium, held an account with a bank in Belgium. In a period of a few months the account was credited with international transfers from accounts held by A, a foundation in Liechtenstein, for a total amount of nearly EUR 750.000 EUR.

Y, a relative of X living in the United States, held power of attorney on this account and managed this account from the United States. These elements and the origin of the funds led to believe that the funds channelled through X's account were actually linked to Y's activities.

Open sources also showed that Y was being prosecuted for fiscal fraud, fraudulent tax returns and conspiracy against the tax authorities. Y was accused of having opened accounts in Switzerland in name of fictitious foundations in Liechtenstein and Panama. The individual is said to have concealed over USD 7.000.000,00 from the tax authorities.

The origin of the funds credited on X's account in Belgium was probably related to the fiscal fraud for which Y was known.

The references accompanying the international transfers were not genuine either. X's account was repeatedly credited with transfers of EUR 25.000,00 EUR stating "*monthly expenses*". X lived in a home for the elderly and did not exactly have an extravagant lifestyle, certainly not leading to such expenses.

Furthermore, some of these funds were transferred from X's account to accounts in the United States. The beneficiaries of these transfers were mainly companies led by Y. This led to believe that the transactions were carried out on behalf of Y and that X's account was used as a transit account.

All of these elements, especially the international scope of transactions, the use of various methods (companies established in countries with opaque fiscal legislation, legal constructions, spreading financial transactions over various jurisdictions and over time) aimed at concealing the origin of the funds led to suspect that the funds were derived from a fraudulent fiscal construction indicating serious fiscal fraud organised on an international scale.





## 2.2. Fraudulent bankruptcy and misappropriation of corporate assets

### 2.2.1. Statistics

The number of files involving fraudulent bankruptcy and misappropriation of corporate assets rose considerably in 2010 compared to 2009 and in 2011. The amounts in the reported files also increased sharply, making fraudulent bankruptcy and misappropriation of corporate assets the most dominant predicate offences.

The identified increases are partly due to the economic situation. In addition a large case on probable misappropriation of corporate assets with rebate of risk capital (notional interests) for a total amount of nearly EUR 100 million (cf. [2.2.4.](#)) also explains the increased amounts described above.

	2009	2010	2011	% 2011
Number of files	126	201	292	21,71
Amounts <sup>(1)</sup>	43,68	111,24	210,48	29,40

<sup>(1)</sup> 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 2011 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 (35,27 %), also representing the largest laundered amount, to the Public Prosecutor's Office in Brussels.

	Total number 2011	Total number %	Total amount 2011 <sup>(1)</sup>	Total amount %
Brussels	103	35,27	133,08	63,22
Antwerpen	46	15,75	22,04	10,47
Hasselt	5	1,71	14,64	6,95
Charleroi	14	4,79	9,24	4,39
Gent	18	6,16	4,79	2,28
Mechelen	5	1,71	3,74	1,78
Namur	8	2,74	2,64	1,25
Tournai	9	3,08	2,33	1,11
Turnhout	14	4,79	2,12	1,01
Liège	11	3,77	2,07	0,98
Tongeren	6	2,05	2,06	0,98
Oudenaarde	3	1,03	1,85	0,88
Mons	9	3,08	1,73	0,82
Brugge	6	2,05	1,35	0,64
Leuven	5	1,71	1,20	0,57
Nivelles	5	1,71	1,17	0,56
Veurne	1	0,34	0,87	0,41

Dendermonde	6	2,05	0,70	0,33
Eupen	2	0,68	0,60	0,29
Verviers	5	1,71	0,54	0,26
Kortrijk	4	1,37	0,51	0,24
Dinant	2	0,68	0,38	0,18
Huy	2	0,68	0,37	0,17
Marche-en-Famenne	1	0,34	0,29	0,14
Neufchâteau	1	0,34	0,11	0,05
Arlon	1	0,34	0,06	0,03
<b>Total</b>	<b>292</b>	<b>100</b>	<b>210,48</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR

Breakdown of the number of files reported in 2011 related to fraudulent bankruptcy and misappropriation of corporate assets by judicial follow-up

The table below shows that a police investigation is underway in 59,25 % of the reported files.

	<b>2011</b>	<b>% 2011</b>
Police investigation	173	59,25
Dismissal	92	31,51
No information received yet	13	4,45
Judicial investigation	9	3,08
Referral to court	3	1,03
Handed over to foreign judicial authorities	1	0,34
Conviction	1	0,34
<b>Total</b>		<b>100</b>

### *2.2.3. Financial flows*

The analysis of financial flows shows that fraudulent bankruptcy usually involves suspicious transactions to and from Belgium. The neighbouring countries Netherlands, Luxembourg and France also feature as countries of origin and destination of the funds.

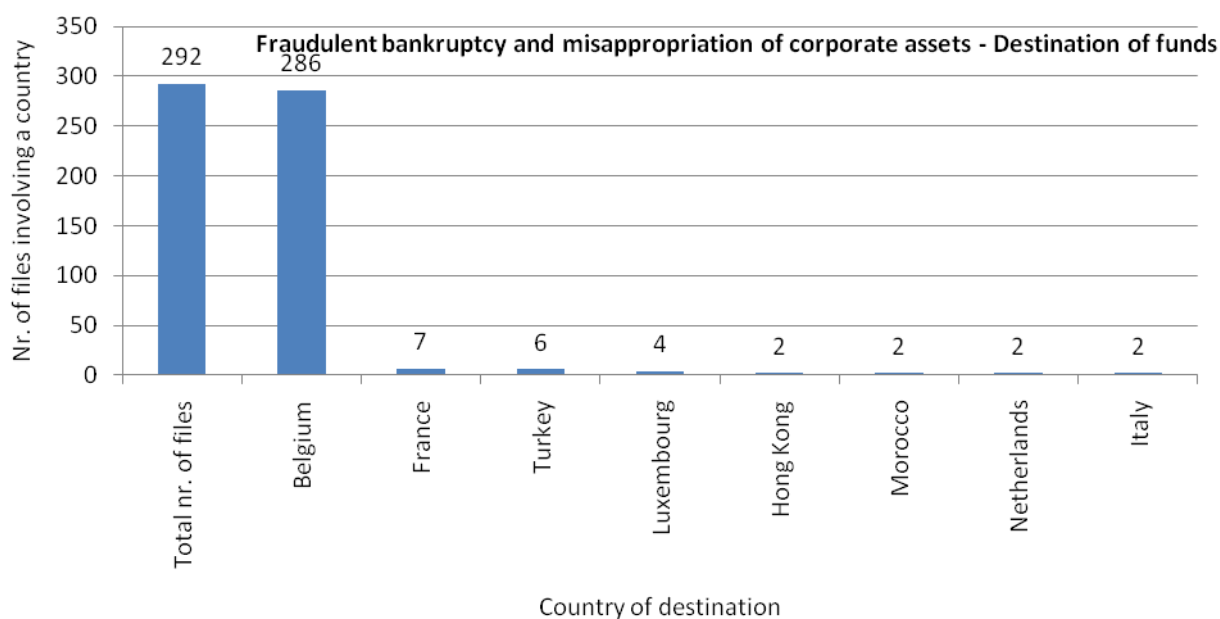
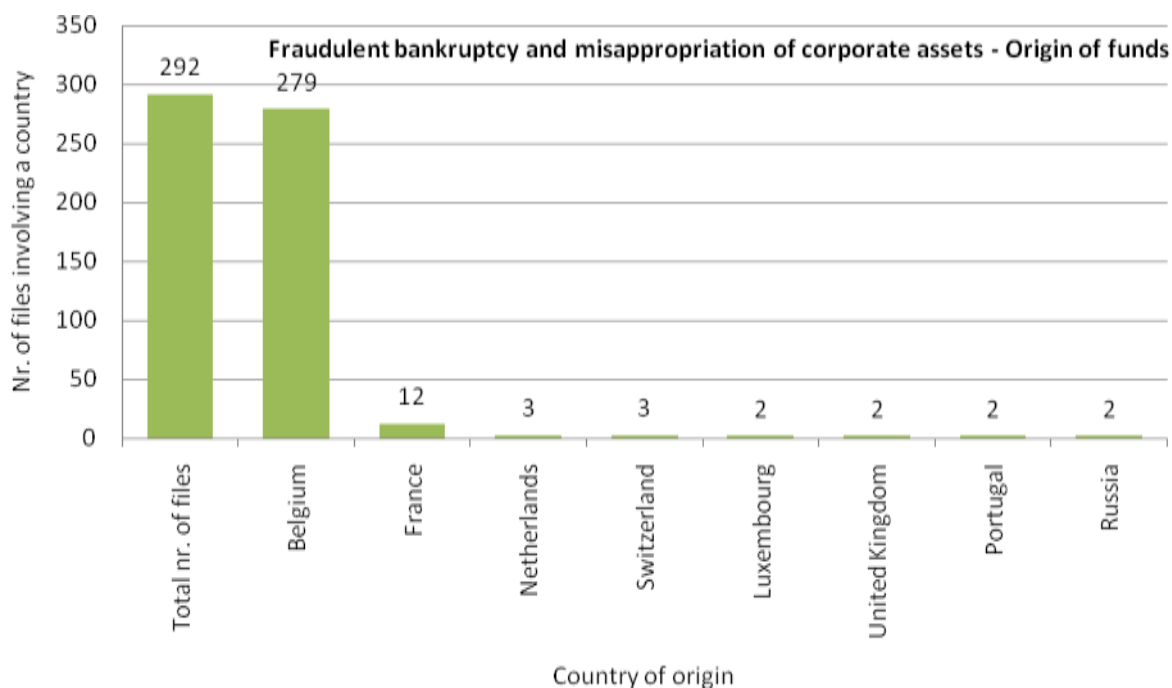
The indicators identified in files related to fraudulent bankruptcy are still valid:

- A personal account is often used as a transit account to transfer proceeds of crime.
- The account holder is often the company's manager.
- The money is laundered by withdrawing it in cash shortly afterwards, transferring it by international or domestic transfer and subsequently using it.
- The individuals involved often previously managed other companies that went bankrupt in the meantime. These files show that following the bankruptcy of these companies the individuals lead the new companies to bankruptcy. The use of front men is also common.

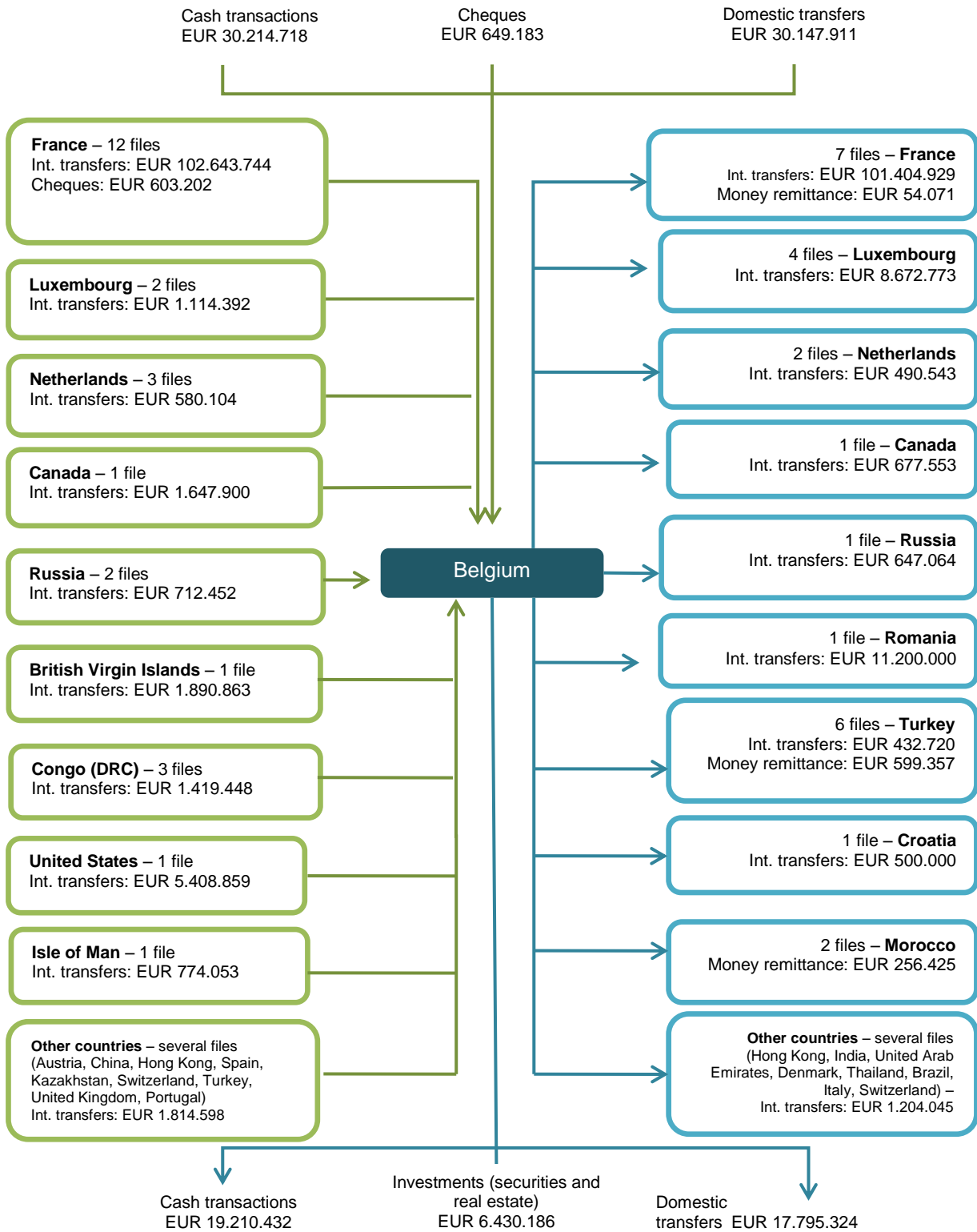


The trends identified in reported files related to misappropriation of corporate assets are still valid:

- The manager carries out debit transactions using the company's account;
- The company's assets or assets from the legal person's activities are credited to the manager's private account using cash deposits or transfers, cashing cheques or money remittance;
- The manager's private account is often immediately debited by withdrawing cash or by issuing cheques or by transfers, frequently to the manager himself.
- The companies' financial situation is often alarming: the results at the end of the fiscal year are negative, the companies are summoned by the National Office of Social Security, have negative solvency or equity capital.



## Fraudulent bankruptcy and misappropriation of corporate assets – diagram



**Case 1: Capital increases to artificially misuse notional interests<sup>10</sup>**

Offence	Money laundering Misappropriation of corporate assets
Parties involved	Legal persons
Sectors involved	Financial institutions
Channels used	International transfers
Jurisdictions involved	Belgium, France
Disclosing entities	Private bank
Warning signals	- Transit account - Suspicious capital increases

The annual general meeting of the Belgian real estate holding A decided to increase the capital on two occasions to increase the registered capital to EUR 100.000.000. The French company B, which was part of the same real estate group, subscribed for the newly issued shares.

For the first capital increase company A's Belgian account was credited with an international transfer of EUR 40.000.000 from an account held by company B in France. Using an account opened for this capital increase the entire amount was yet again transferred to the French account a few days later.

For the second capital increase company A's same Belgian account was credited with an international transfer of EUR 60.000.000 from another account held by company B in France. Even though the funds were to be used for other transactions it was requested to transfer the entire amount to the company that brought in the capital for the capital increase.

Due to the serious and urgent nature of the matter CTIF-CFI opposed execution of the transaction of EUR 60.000.000 EUR from company A's account for a period of two working days.

Holding A's Belgian account was apparently only used to channel funds from France. The capital increases were not carried out to improve A's financial position by providing liquidity. The financial transactions carried out after these capital increases could even weaken the company by converting the liquidity into debts.

Information from the Federal Public Service Finance (Administration of Corporate and Income Tax) also showed that company A and other companies of the same group had deducted risk capital. As company A introduced new capital increases it wanted to obtain further deductions for risk capital.

<sup>10</sup> By rebating notional interests companies in Belgium deduct a fictitious interest on risk capital from their taxable basis. This way the equity capital and third party assets (loans) are treated the same way for tax purposes. The interest rate applicable to risk capital is established by the tax authorities once a year.

## Case 2: Succession of transfers, bond loan and documentary credits – involvement of non-financial professions

Offence	Money laundering Fraudulent bankruptcy Fraud
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	International transfers Setting up companies Repayment of a debenture loan Use of documentary credits
Jurisdictions involved	Belgium, Hong Kong, Romania
Disclosing entities	Bank
Warning signals	- Transit accounts - Setting up companies and drastic change in corporate goals - Transfers for considerable amounts - Succession of transfers on the same day - Use of a Ltd. company - Involvement of a law firm - Involvement of an accountant-tax specialist - Forgery of accounting documents - Front companies

In 2008 three Belgian nationals W, X, and Y set up the Belgian company A trading in equipment for electrical installations. X's spouse was the accountant-tax specialist in charge of company A's accounting.

Shortly after setting up company A X and W's spouse took over companies C (X's spouse's accountancy firm) and G (joinery). Using the names CC and GG the companies were converted into manufacturers of green electricity.

By the end of 2009 X and W's spouse set up the investment company S.

During that same period several transactions took place on company A's account, strangely enough all on the same day.

- Company A's account was credited with two transfers of nearly EUR 4.375.000 each from company B (pharmacy, managers: W, W's spouse, as well as company D) and D (managers: W, W's spouse and company D) to pay invoices. These transactions led to a negative balance on the accounts of these companies for the transferred amount.
- The account was subsequently debited with an amount of EUR 4.500.000 to the Belgian account of a Ltd-company in Hong Kong opened in name of a Belgian law firm. Over EUR 4.250.000 was transferred to two Belgian companies and to two foreign companies with accounts in Belgium. The companies were known to manufacture material for the production of synthetic drugs.
- That same day the law firm and the companies involved transferred these sums to a recently established investment company S. The references pointed to a bond loan. S was said to have issued bond loans totalling up to nearly EUR 8.750.000. The supporting documents showed irregularities in the names of the borrowers, numbers of the registration certificates and the numbers of the debentures.
- Finally S transferred nearly EUR 8.750.000: half to company B and half to company D for a subordinated loan, where the subordinated creditor is subordinated in case of bankruptcy. By carrying out these transactions in a single day S created a substantial claim and debt in the



accounts. No other transactions were carried out on S's account apart from the transactions mentioned above. S was presumably set up as a front company to carry out the transactions stated above.

At the start of 2010 several documentary credits were paid using company A's account to a Limited company in Hong Kong for a total amount of nearly EUR 3.300.000. These documentary credits were allegedly contracted to import equipment green electricity.

It is probable that the transactions carried out in 2009 created the illusion that both company B and D were important customers of company A.

One year after these transactions took place companies A, GG, B and D were declared bankrupt.

## 2.3. Illicit trafficking in goods, merchandise and arms

### 2.3.1. Statistics

In 2011 CTIF-CFI reported 136 files related to this offence, an increase in comparison with 2010.

	2009	2010	2011	% 2011
Number of files	90	92	136	10,11
Amounts <sup>(1)</sup>	26,71	142,00	112,78	15,76

<sup>(1)</sup> Amounts in million EUR

Breakdown of the number of files reported in 2011 related to illicit trafficking in goods and merchandise

Type of trafficking	from 01/01/2011 to 31/12/2011	Amounts <sup>(1)</sup>
Phones, computers, hi-fi, video	29	79,25
Cars and car parts	53	13,09
Minerals, gold, precious stones and jewellery	10	4,80
Weapons	4	4,49
Stolen goods	8	2,96
Tobacco, cigarettes and alcohol	4	2,23
Boats	1	0,87
Textile	5	0,42
Art	1	0,34
Machines	1	0,30
Toys	1	0,26
Counterfeit goods	3	0,09
Other	16	3,68
<b>Total</b>	<b>136</b>	<b>112,78</b>

<sup>(1)</sup> 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 2011 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. Most of the files (44,12%), also representing the highest laundered amount, was reported by CTIF-CFI to the Public Prosecutor's Office in Brussels.

	<b>Total number 2011</b>	<b>Total number %</b>	<b>Total amount 2011<sup>(1)</sup></b>	<b>Total amount %</b>
Brussels	60	44,12	73,61	65,27
Antwerpen	26	19,12	12,22	10,84
Brugge	3	2,21	8,02	7,12
Tournai	6	4,41	5,28	4,69
Federal Public Prosecutor's Office	1	0,74	2,65	2,36
Charleroi	8	5,88	2,29	2,03
Hasselt	3	2,21	2,17	1,92
Gent	5	3,68	1,98	1,75
Liège	5	3,68	1,54	1,36
Veurne	1	0,74	1,40	1,24
Kortrijk	3	2,21	0,36	0,32
Mons	2	1,47	0,35	0,31
Nivelles	2	1,47	0,26	0,23
Namur	3	2,21	0,25	0,22
Leuven	2	1,47	0,17	0,15
Eupen	1	0,74	0,08	0,07
Mechelen	2	1,47	0,07	0,06
Tongeren	1	0,74	0,04	0,04
Dendermonde	1	0,74	0,03	0,03
Oudenaarde	1	0,74	0,01	0,01
<b>Total</b>	<b>136</b>	<b>100</b>	<b>112,78</b>	<b>100</b>

<sup>(1)</sup> Amount in million EUR





### Breakdown of the number of files reported in 2011 related to illicit trafficking in goods and merchandise by judicial follow-up

The table below shows that a police investigation is underway in 48,53 % of the reported files and 47,79 % of the files have been dismissed.

	2011	% 2011
Police investigation	66	48,53
Dismissal	65	47,79
Judicial investigation	2	1,47
No information received yet	2	1,47
Handed over to foreign judicial authorities	1	0,74
<b>Total</b>	<b>136</b>	<b>100</b>

### 2.3.3. Financial flows

The graphs below show that Belgium, France, Cameroon and the United States are the most common countries of origin in files reported for illicit trafficking in goods and merchandise. The countries of destination are Belgium, France, Italy, the United States and Cameroon. Belgium is often the country of destination which leads to the assumption that the trade flow goes the other way.

As trafficking in arms requires special attention two separate diagrams are provided illustrating financial flows of licit goods and merchandise in addition to illicit trafficking in arms.

The significant funds for goods and merchandise originate in the United Kingdom, Hong Kong, Democratic Republic of the Congo, France, Lebanon and Cameroon. The funds were sent to France, Switzerland, Luxembourg, the Netherlands and Turkey.

These trends can be explained as follows:

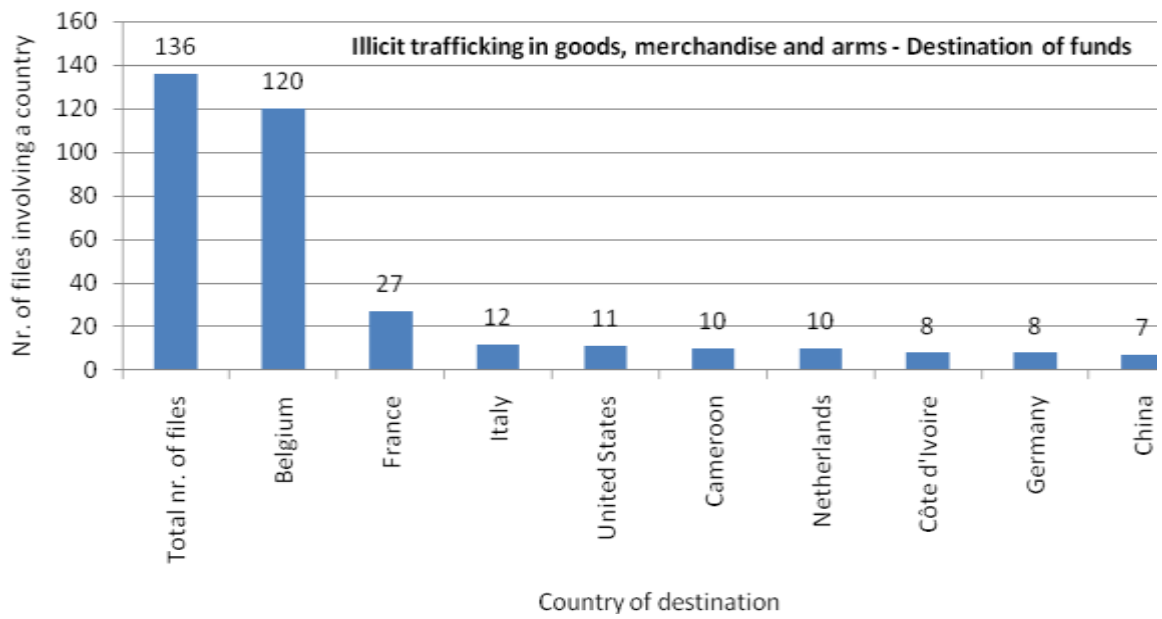
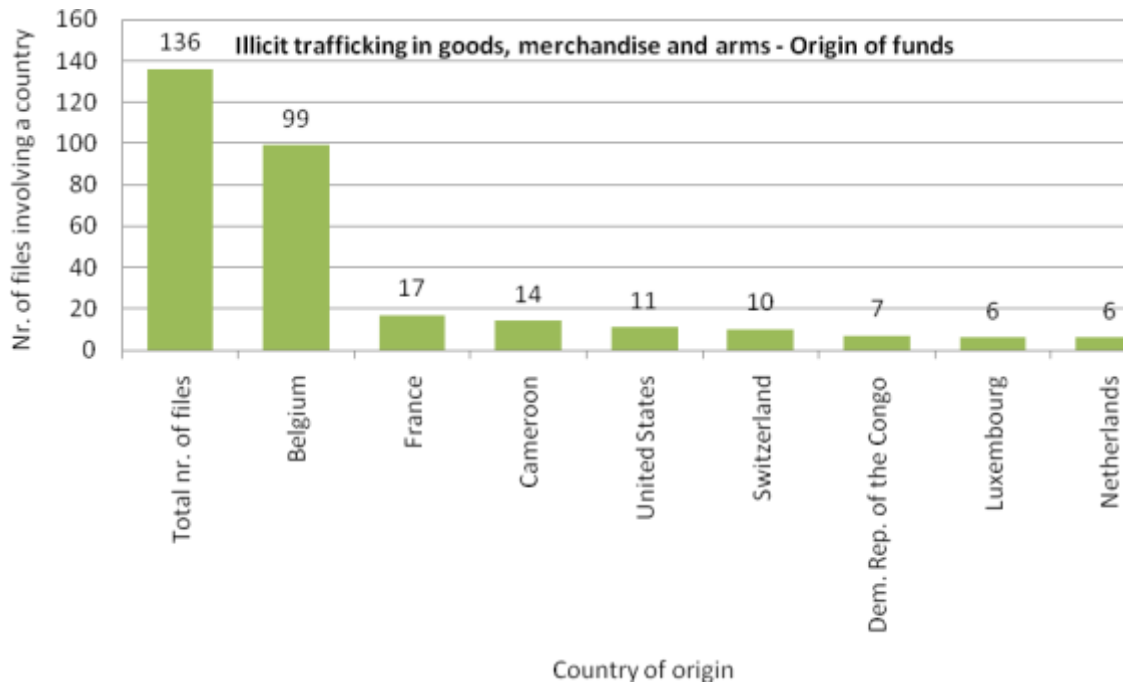
- (legal and illegal) trade with certain countries (United Kingdom: tobacco, African countries: second-hand cars as well as other goods concealed in second-hand cars);
- (legal and illegal) trade with neighbouring countries

Most of these flows took place in Belgium (cash transactions, domestic transfers and cheques). Large cash deposits are typically transferred to other accounts using domestic transfers.

These cash transactions are typical of illicit trafficking in goods and merchandise. Another explanation is the large amount of cash transported (to some extent detected by the Customs and Excise Administration since the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency came into force – cf. [Chapter II. – Statistics – 2.3.](#)) to be used to buy cars in Belgium.

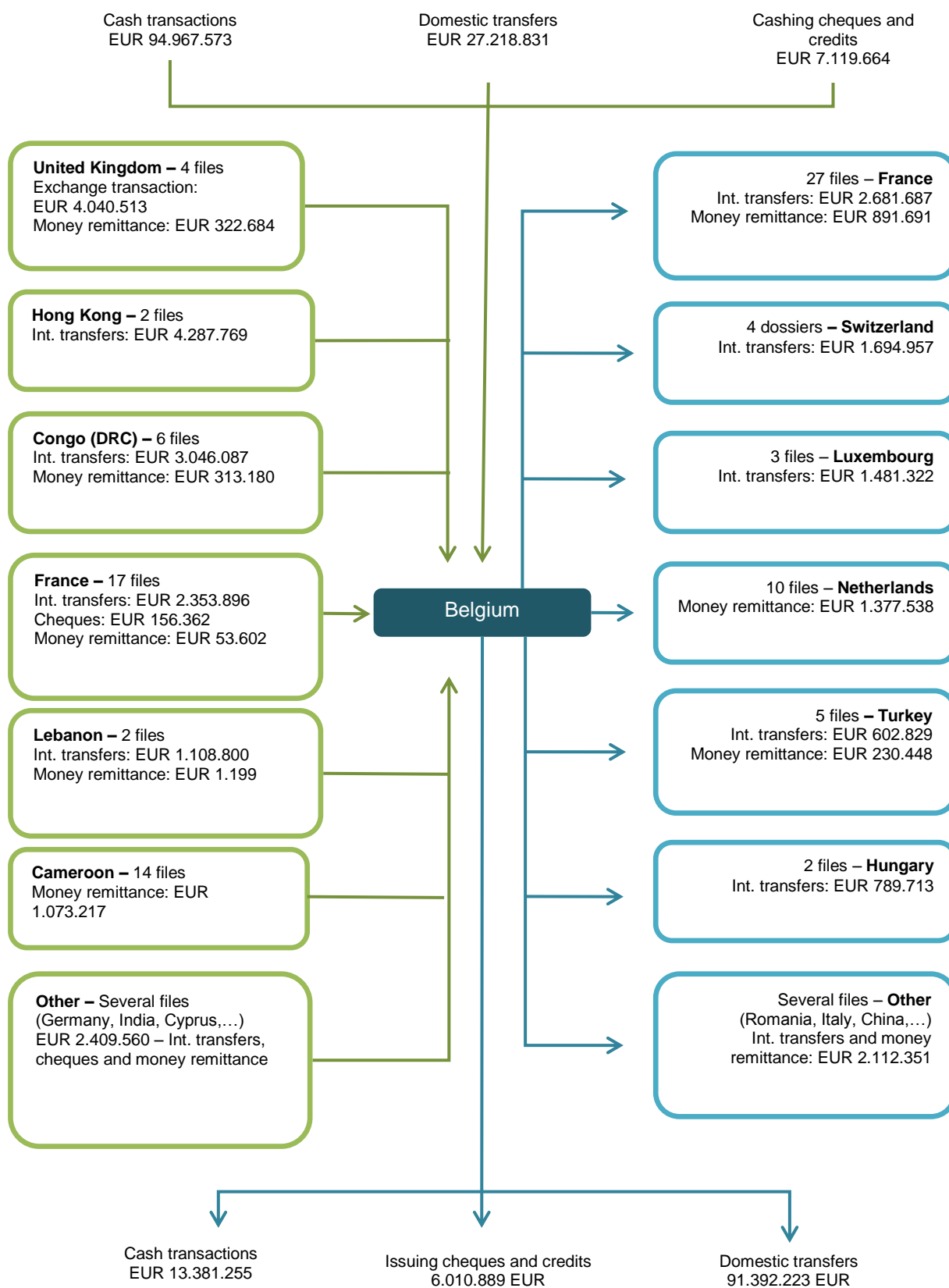
Contrary to illicit trafficking in goods and merchandise international transfers are typical of illicit trafficking in arms. The largest amounts originate in Angola, the Central African Republic, Switzerland and Singapore to be sent to Cyprus, Angola and South Africa.

Civil unrest and the unstable political situation in some African countries may also explain the identified illegal trade.

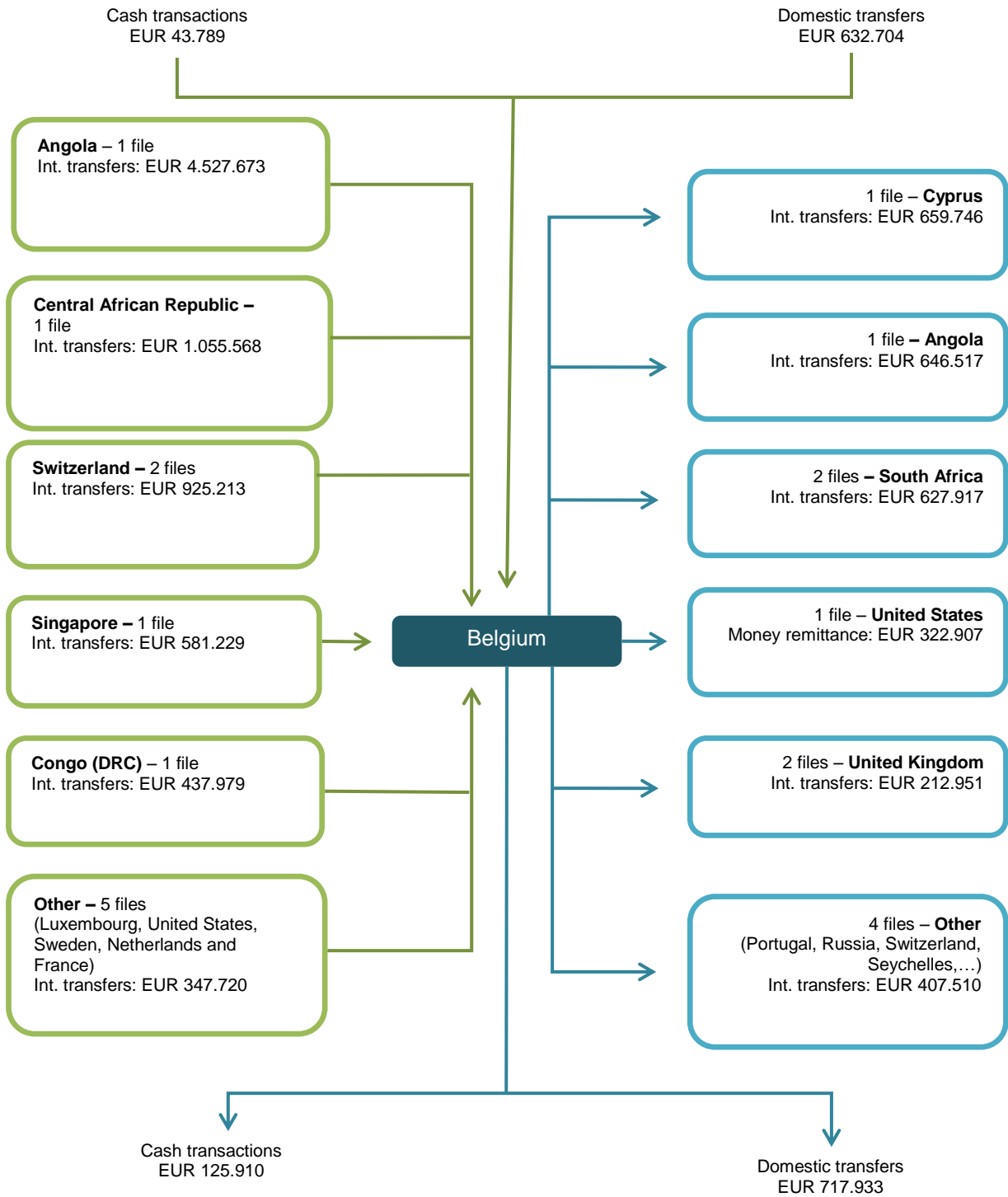




## Illicit trafficking in goods and merchandise (except arms) – diagram



### Illicit trafficking in arms - diagram





## 2.3.4. Case

### Case : Using a lawyer's "carpa account"

Offence	Money laundering Illicit trafficking in goods and merchandise
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	International transfers
Jurisdictions involved	Belgium, Luxembourg, Switzerland, Italy
Disclosing entities	Bank
Warning signals	- Using a carpa <sup>11</sup> account for commercial purposes

The carpa account of lawyer X was used for financial transactions directly linked to company A's commercial activities. This foreign company sold pleasure crafts and was managed by X.

The carpa account was repeatedly credited with foreign cheques for some EUR 600.000,00 written out to company A. The funds were subsequently transferred to the company's account in Luxembourg. The references of these international transfers pointed to purchases. The account also received an international transfer of over EUR 65.000,00 from Switzerland, this amount was immediately transferred to Italy. This reference also pointed to a purchase. Apart from transactions related to company A the account was also credited with an international transfer of some EUR 220.000,00 from company B, according to the reference to pay for a boat.

X apparently used his carpa account to transfer money that was not related to his professional activities but to commercial activities. Information from the Federal Public Service Finance indicated that X declared his professional income but did not declare any income from his managerial activities.

Article 437 of the Belgian Judicial Code stipulates that practicing the profession of lawyer is incompatible with industrial or commercial practice. It appears that X set up a foreign company to engage in commercial activities, which was not officially allowed in Belgium.

X unofficially engaged in commercial activities, which corresponds to illicit trafficking in goods and merchandise.

## 2.4. Fraud

### 2.4.1. Statistics

In 2011 CTIF-CFI reported 343 files to the judicial authorities for fraud as predicate offence.

	2009	2010	2011	% 2011
Number of files	283	306	343	25,50
Amounts <sup>(1)</sup>	18,44	33,61	52,79	7,38

<sup>(1)</sup> Amounts in million EUR

<sup>11</sup> "Caisse des Règlements Pécuniaires des Avocats" (CARPA), an account holding money on behalf of third parties.

In terms of quantity fraud remains the main predicate offence in reported files, with a substantial reported amount of EUR 52,79 million. These files make up 25,50 % of all files, representing 7,38 % of the amount of all files reported to the Public Prosecutor's Office in 2011.

This rise in the number of files and reported amounts is largely due to the sharp increase in the number of disclosures involving mass fraud. Fraudsters target a very large group of potential victims using mass communication and urge them to send money for a variety of reasons. This can be the so-called "Nigerian fraud" or "419-fraud"<sup>12</sup>, "date" or "romance scam"<sup>13</sup> or the fraud could also be aimed at businesses (business directories<sup>14</sup> or forged invoices). A new type of mass fraud featuring in various reported files is the "Sidi Salem" fraud<sup>15</sup>.

In 2011 CTIF-CFI, along with the police and judicial authorities, continued to take part in meetings of the "National Coordination Platform against Mass Fraud" organised by the Directorate-General Control and Mediation of the Federal Public Service Economy, SMEs, self-employed and Energy. Discussion with the partners of this working group confirmed the impression from the disclosures received by CTIF-CFI. It is clearly an issue on a massive scale of which only the tip of the iceberg is revealed due to the low disclosure rate. Tackling this rapidly expanding form of crime is challenging: various departments, even members of the coordination platform, consider this type of fraud to be a low priority and legal action is virtually impossible due to the international scale and high degree of anonymity of perpetrators. The media coverage of this topic seems to yield little result for the time being. Yet prevention is the most appropriate way to eliminate mass fraud in the end. In order to define the scale and modus operandi the judicial authorities need to adopt a centrally coordinated approach. At present CTIF-CFI reports files on mass fraud to the various Public Prosecutor's Offices where the transactions took place, resulting in a spread of the information and a fragmented approach.

Apart from mass fraud there was also an increase in the number of disclosures regarding fraudulent transfers. In Belgium account numbers of beneficiaries are forged on transfer forms (paper forms) whereas in neighbouring countries the online banking system is attacked (*phishing*<sup>16</sup>) and fake transfer orders are given. This may ensue from the fact that the level of security of internet banking in our country is generally higher than in neighbouring countries.

Finally several files relate to fraud involving Internet commerce. In most cases goods purchased on the Internet that have been paid in part or in full are then never actually delivered.

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<sup>12</sup> Cf. [glossary](#)

<sup>13</sup> Cf. [glossary](#)

<sup>14</sup> Cf. [glossary](#)

<sup>15</sup> More information on the modus operandi of this fraud is available on CTIF-CFI's website – section "Warnings" – [www.ctif-cfi.be](http://www.ctif-cfi.be).

<sup>16</sup> Cf. [glossary](#)



## 2.4.2 Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2010 related to fraud by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. Most of the files (34,99%) were reported to the Public Prosecutor's Office in Brussels.

	<b>Total number 2011</b>	<b>Total number %</b>	<b>Total amount 2011<sup>(1)</sup></b>	<b>Total amount %</b>
Liège	13	3,79	15,76	29,86
Brussels	120	34,99	13,55	25,66
Dendermonde	12	3,50	5,76	10,91
Antwerpen	33	9,62	5,11	9,67
Nivelles	8	2,33	3,07	5,81
Gent	21	6,12	2,17	4,10
Federal Prosecutor's Office	40	11,66	1,61	3,04
Mons	13	3,79	1,55	2,94
Turnhout	11	3,21	0,96	1,83
Hasselt	11	3,21	0,68	1,29
Tongeren	3	0,87	0,42	0,79
Oudenaarde	2	0,58	0,32	0,61
Kortrijk	5	1,46	0,28	0,54
Charleroi	9	2,62	0,26	0,49
Leuven	8	2,33	0,23	0,43
Dinant	3	0,87	0,17	0,33
Huy	3	0,87	0,17	0,32
Verviers	6	1,75	0,14	0,26
Tournai	4	1,17	0,13	0,25
Ieper	1	0,29	0,12	0,23
Brugge	6	1,75	0,12	0,22
Namur	4	1,17	0,08	0,16
Veurne	1	0,29	0,06	0,12
Mechelen	3	0,87	0,04	0,08
Marche-en-Famenne	2	0,58	0,02	0,04
Arlon	1	0,29	0,01	0,02
<b>Total</b>	<b>343</b>	<b>100</b>	<b>52,79</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR

## Breakdown of the number of files reported in 2011 related to fraud by Public Prosecutor's Office by judicial follow-up

The table below shows that a police investigation is underway in 46,94 % of the reported files and 41,40 % of the files have been dismissed.

	2011	% 2011
Police investigation	161	46,94
Dismissal	142	41,40
No information received yet	21	6,12
Judicial investigation	13	3,79
Referral to court	6	1,75
<b>Total</b>	<b>343</b>	<b>100</b>

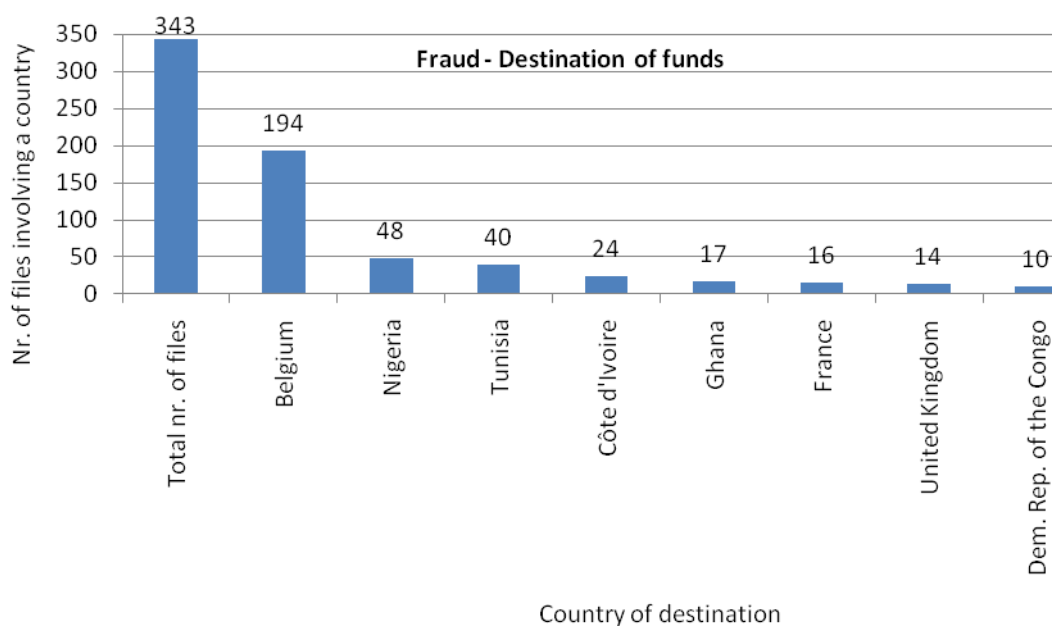
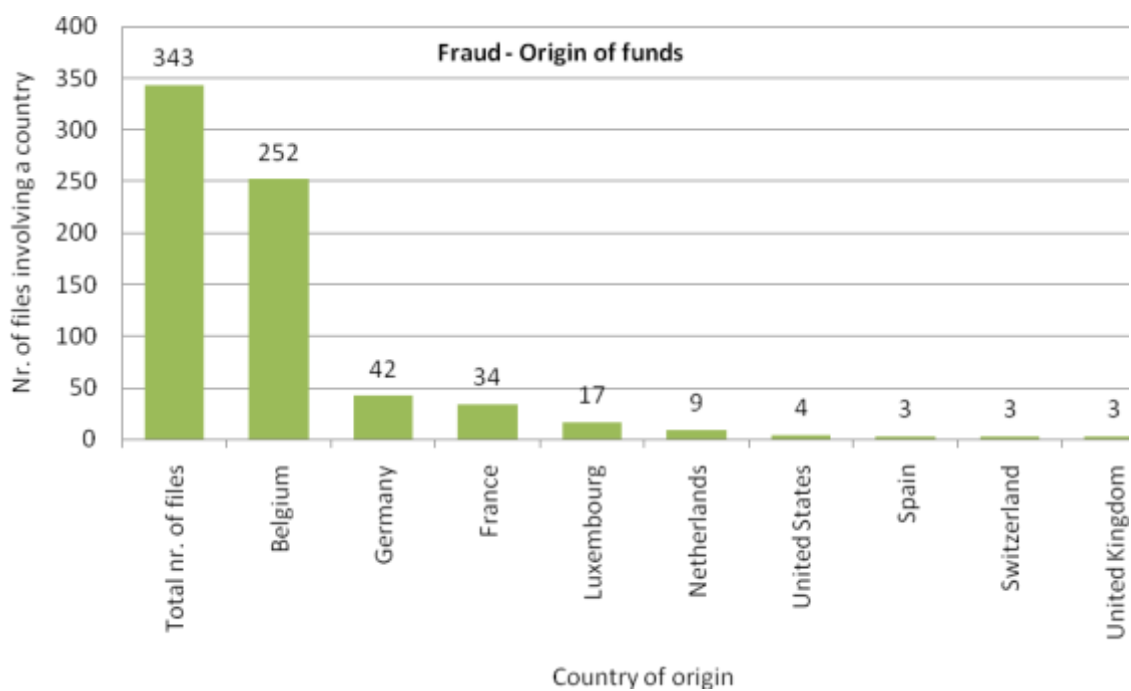
### 2.4.3. Financial flows

Analysis of the financial flows related to fraud show that the countries of origin of funds are mainly our neighbouring countries. In files related to mass fraud Belgium is often used as an intermediary between neighbouring countries and West Africa. In various files fraudulent transfer orders via online banking in Germany were identified. The money is transferred to Belgian “money-mules”<sup>17</sup> who subsequently withdraw money in cash and then send the funds by money remittance. Belgian banks are often notified in time by the financial institutions of the German victims and are able to freeze and return the funds before the “mule” can withdraw the money. Some files featuring France as country of origin involve forged cheques. Unlike other European countries cheques are still commonly used as an instrument of payment. For files involving fraud with Internet commerce our neighbouring countries are generally the most frequent countries of origin of suspicious funds.

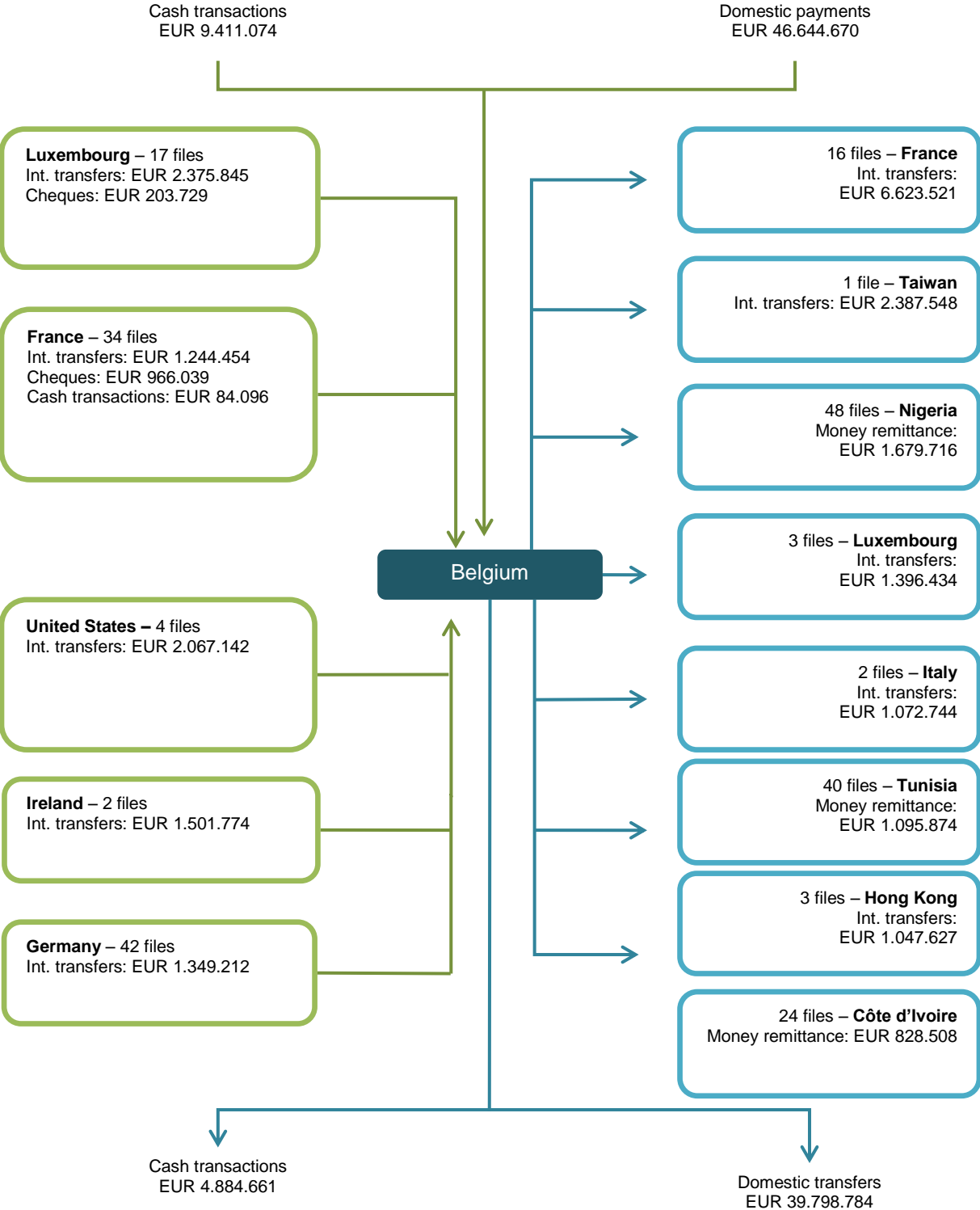
The countries of destination of funds featuring in files on fraud are mainly Nigeria, Côte d'Ivoire and Ghana. So the term “Nigerian” seems to remain topical. Tunisia features among the countries of destination due to the large number of files regarding “Sidi Salem” fraud, a specific type of mass fraud where wine is sold that is paid to beneficiaries in Tunisia.

<sup>17</sup> Cf. [glossary](#)





### Fraud – diagram



**Case: Succession of transfers from individuals as part of fraud or providing investment services without a licence**

Offence	Money laundering Fraud Providing investment services without a licence
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	Cash deposits Domestic transfers International transfers Cashing cheques
Jurisdictions involved	Belgium, France, Switzerland, Luxembourg, Italy
Disclosing entities	Bank
Warning signals	- Transit accounts - Numerous transfers from individuals - Purchase of artwork - Investment in real estate

The account of investment company K was credited with substantial domestic transfers from individuals (Belgian nationals) accounted for by investments and cashing cheques for substantial amounts. The account was also used to transfer EUR 450.000 from company S in Switzerland and to regularly sell securities. The credit transactions amounted to over EUR 4.000.000. Company K's account was debited with numerous international transfers to finance companies in France, Luxembourg and Italy and various transfers to purchase artwork. In addition, the account was debited with the payment of EUR 5.000 to managing director X and the same salary to Y. The latter did not hold any official position in company K but held the same positions as X in other Belgian companies.

X featured in a file regarding company A reported by CTIF-CFI because of serious indications of laundering the proceeds of fraud. Company A, managed by X, traded in historical documents and artwork. Company A's account was credited with considerable transfers from private individuals and cashing of cheques. These were followed by international transfers mainly to the French company S or to a finance company in Luxembourg. The transactions were related to securities materialised through the usufruct of artwork whose value was overvalued.

According to the French FIU X managed the Italian company I. The company received a total amount of EUR 795.000 from private individuals. These transactions most likely related to fraud in which investors' funds had been embezzled.

Police information showed that Y, an employee of company K, had tried to defraud French investors by defalcating funds intended for foundation P, managed by B. B also managed company K. When the scheme came to light B revived companies K and S using foundation P.

The elements showed that the transactions carried out by company K, similar to those of companies A and I and foundation P, could also be linked to fraud. Company K conducted business as an investment company, as it did not have a licence for this activity the company was considered to be providing investment services without a licence.

In addition company K's account was also debited with two transactions for a total amount of over EUR 250.000 EUR to X to purchase a property. Most of the funds for these real estate transactions were first channelled through the account of another company –also managed by X- and then ended up on X's account. The funds were subsequently transferred to various accounts of X's spouse and finally to the notary's account. The sequence of transactions was used as a cover-up and to conceal the origin of the funds.

## 2.5. Trafficking in illegal labour

### 2.5.1. Statistics

In 2011 92 files were reported because of serious indications of trafficking in illegal labour as predicate offence for a total amount of EUR 43,57 million.

	2009	2010	2011	% 2011
Number of files	111	187	92	6,84
Amounts <sup>(1)</sup>	30,01	33,67	43,57	6,09

<sup>(1)</sup> Amounts in million EUR

Economic exploitation of migrants is increasingly common in CTIF-CFI's files. The Centre for Equal Opportunities and Opposition to Racism extensively discussed this threat in its most recent annual report<sup>18</sup>.

### 2.5.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2011 related to trafficking in illegal labour by Public Prosecutor's Office

Most of the files (68,48 %), also representing the highest laundered amount, was reported by CTIF-CFI to the Public Prosecutor's Office in Brussels.

	Total number 2011	Total number %	Total amount 2011 <sup>(1)</sup>	Total amount %
Brussels	63	68,48	17,53	40,23
Antwerpen	6	6,52	9,82	22,53
Charleroi	4	4,35	9,26	21,25
Mons	3	3,26	3,10	7,12
Dendermonde	6	6,52	1,82	4,17
Gent	4	4,35	1,02	2,35
Namur	2	2,17	0,45	1,04
Liège	1	1,09	0,26	0,61
Turnhout	1	1,09	0,17	0,38
Nivelles	1	1,09	0,11	0,25
Tournai	1	1,09	0,03	0,07
<b>Total</b>	<b>92</b>	<b>100</b>	<b>43,57</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR

<sup>18</sup> Trafficking in and smuggling of human beings – Combating social fraud to prevent trafficking in human beings – Annual Report 2010 – Centre for Equal Opportunities and Opposition to Racism – <http://www.diversiteit.be/>



## Breakdown of the number of files reported in 2011 related to trafficking in illegal labour by judicial follow-up

The table below shows that a police investigation is underway in 61,96% of the files and 25,00% of the files have been dismissed.

	2011	% 2011
Police investigation	57	61,96
Dismissal	23	25,00
No information received yet	11	11,96
Judicial investigation	1	1,09
<b>Total</b>	<b>92</b>	<b>100</b>

### 2.5.3. Financial flows

In almost all of the files related to trafficking in illegal labour the funds originate in Belgium. In these files the illegal professional activities of networks of illegal workers are clearly carried out in Belgium. The subcontracted services are paid by transfers from bank accounts opened by “shell companies” in the construction or industrial cleaning industry. The money is usually transferred from other companies in these industries, some of them with a good reputation. The money withdrawn in cash is then mainly used to pay illegal workers in Belgium.

Brazil is the main country of destination, indicating that many files were reported because of links to “Brazilian” networks<sup>19</sup> in the construction or industrial cleaning industry. These fraudulent networks were extensively described in CTIF-CFI’s Annual Report 2009<sup>20</sup>.

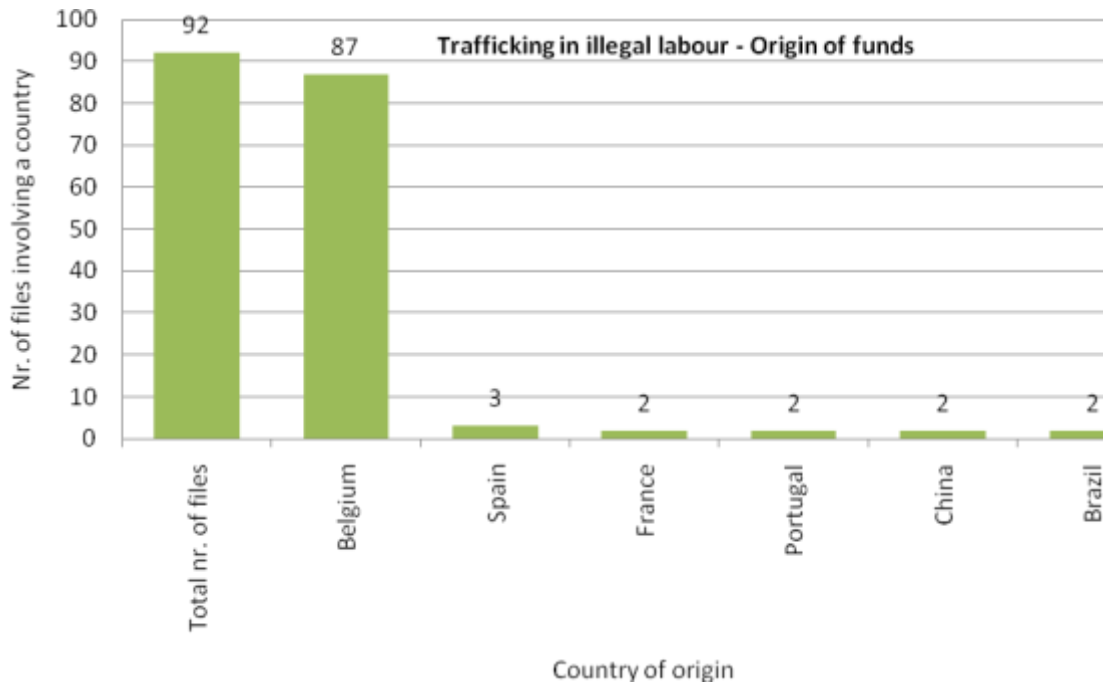
Transfers were also carried out to Romania or Poland for the posting of personnel. The Belgian Social Law Inspectorate identified an increasing number of cases, CTIF-CFI also detected this in its files in 2011. Posting of personnel is explained in further detail in section [2.5.4.](#) below.

Human traffickers misuse the procedure for posting personnel (particularly by using a complex sequence of subcontractors) and pseudo self-employed workers. This was also pointed out by the Centre for Equal Opportunities and Opposition to Racism in its Annual Report 2010<sup>21</sup>.

<sup>19</sup> Cf. [glossary](#)

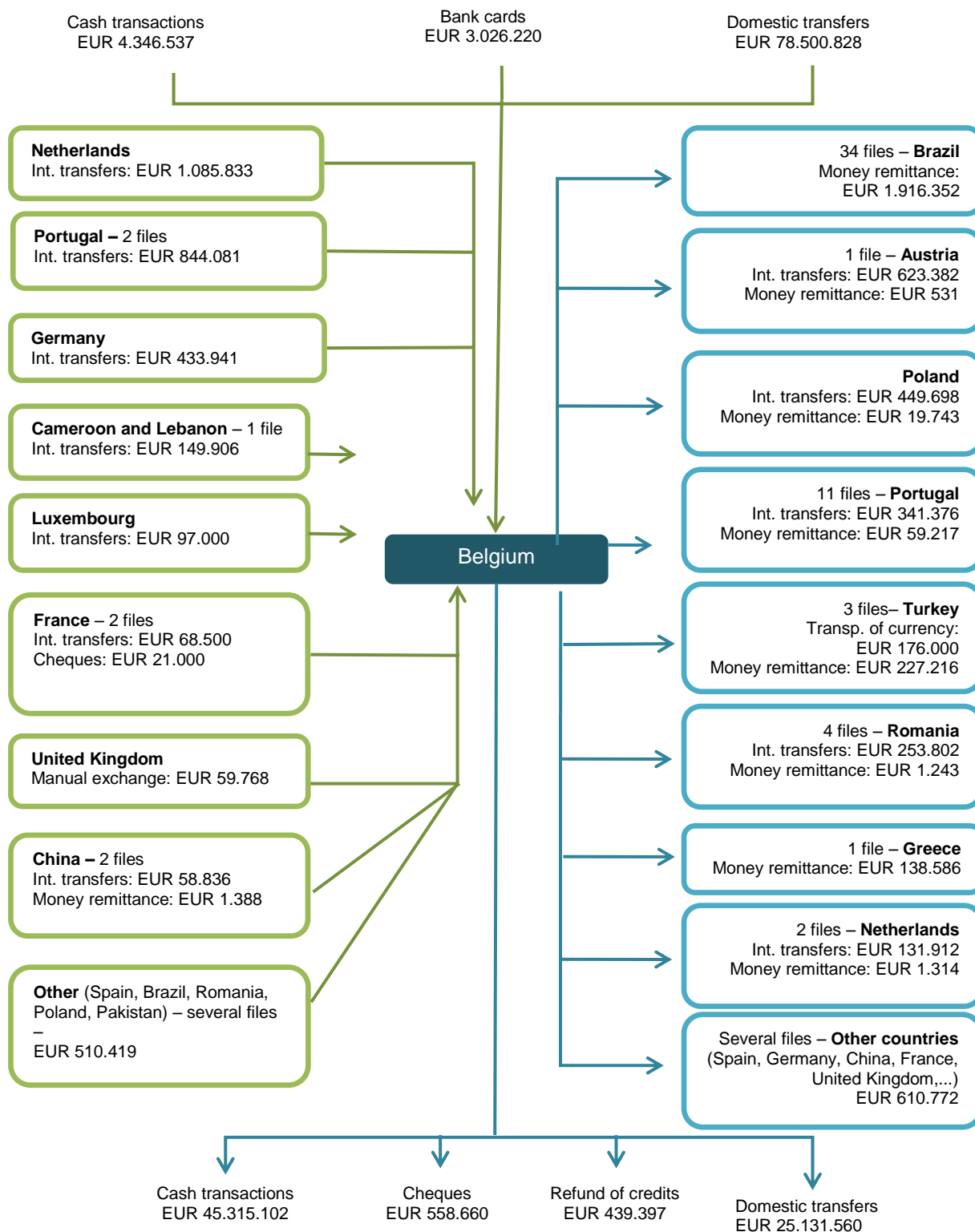
<sup>20</sup> Cf. CTIF-CFI’s Annual Report 2009, page 49

<sup>21</sup> Trafficking in and smuggling of human beings – Combating social fraud to prevent trafficking in human beings – Annual Report 2010 – Centre for Equal Opportunities and Opposition to Racism – <http://www.diversiteit.be/>





## Trafficking in illegal labour – diagram



**Case 1: Use of several “post box companies” to facilitate money laundering transactions**

Offence	Money laundering Trafficking in illegal labour Human trafficking Organised crime
Parties involved	Legal persons Natural persons
Sectors involved	Banks
Channels used	Cash deposits Domestic payments Cash withdrawals
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- Sensitive sector (cleaning, construction) - Substantial cash withdrawals - “Post box companies” - The articles of association were changed several times.

X and Y, residing in Belgium, held positions in various Belgian companies in the cleaning or construction industry despite being retired. These accounts were not only used to pay their pensions but also to carry out numerous cash deposits. Their companies' accounts were credited with transfers from various other companies as well as transfers from these companies themselves. X and Y consistently withdrew these funds in cash, amounting to over EUR 3.500.000 in a period of a few months.

They stated that this money was to be used to pay the salary of the personnel of these companies. They carried out “undeclared” work in Belgium and did not have bank accounts.

The articles of association of these companies were changed several times (change of address, new manager or corporate goals), the annual accounts were not submitted and the financial situation was alarming. Many companies were registered at the same address and no actual commercial activity was carried out. This pointed to “post box companies” being used as a cover for illegal activities. Several of these companies featured in files reported by CTIF-CFI for trafficking in illegal labour.

Moreover, other individuals held positions with various other companies that also featured in files reported by CTIF-CFI for fraudulent bankruptcy, serious and organised fiscal fraud, illicit trafficking in narcotics or organised crime.

Police information showed that X and Y were known for fraudulent bankruptcy and fraud.





## Abuse of the procedure for posting personnel and pseudo self-employed workers

In the past two years analysis of disclosures to CTIF-CFI has revealed the existence of human trafficking networks that are organised and complex to such a degree they can be categorised as organised crime. CTIF-CFI has found that these networks are becoming ever more professional. This is demonstrated by the abuse of the procedure for posting personnel and pseudo self-employed workers by human traffickers.

This method was used in files related to Brazilian networks<sup>22</sup>. Criminals know the government is making progress in this respect. In order to protect themselves from checks by social security and police authorities they have improved their modus operandi and they now use Portuguese companies that officially use posted personnel.

In reality these are illegal Brazilian workers who are recruited in Belgium and then brought to Portugal. In Portugal the illegal workers are registered with the Portuguese Ministry of Finance using a fictitious lease and with assistance from their employer. When registered they obtain a “fiscal card” with their real name.

In Belgium the illegal workers, often through a forger linked to their employer, pay for a fake Portuguese residence permit with their real Brazilian name (identical to their passport and Portuguese fiscal card).

Subsequently an employment contract is drawn up for each illegal worker by a Portuguese company set up for this purpose. A “Limosa” declaration is also filed. This electronic declaration is required for all foreign workers (employee, self-employed, intern) temporarily working in Belgium or for a Belgium employer. Genuine or forged documents for the posting are also provided.

The illegal workers can use these documents to be sent all over Europe to work on building sites.

This is not a purely Belgian matter, but an issue on an international scale<sup>23</sup>. Moreover these files do not only involve Brazilians but also feature other nationalities such as Romanian, Bulgarian and Czech nationals.

Forged documents with real names, a real fiscal card and documents for the posting are combined to confuse social security and police authorities when checks are carried out in order to avoid workers being arrested. This has consequences for the workers involved. Additionally their housing and working conditions infringe applicable social security and employment legislation and health and safety regulations.

By using illegal workers and “shell companies” public tender is forged, the quality of the subcontracted work may even diminish by consistently opting for certain companies that are part of criminal networks and can therefore provide services below market price.

This implies combating much more than just undeclared work. Offences such as forgery and use of forged documents are committed in these files. One must also keep in mind that entrepreneurs launder money, are part of a criminal organisation or use violence against uncooperative employees who are often not paid for their work.

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<sup>22</sup> Cf. CTIF-CFI's Annual Report 2009, page 49

<sup>23</sup> Cf. Tracfin, *Rapport d'activités 2010*; FAG, *Money Laundering Risks Arising from Trafficking of Human Beings and Smuggling of Migrants*, 2011.

## Case 2: Laundering the proceeds of human trafficking and purchasing shares for pseudo self-employed workers

Offence	Money laundering Human trafficking
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	Domestic transfers
Jurisdictions involved	Belgium, Romania
Disclosing entities	Bank
Warning signals	- High-risk sector (construction industry) - Transit account - Pseudo self-employed workers

Shortly after being opened the account of the Belgian construction company A was credited with transfers from construction companies B and C. Within a year these transactions amounted to nearly EUR 1.500.000.

The account was almost exclusively debited with transfers to accounts held by Romanian nationals. The references accompanying these transfers often referred to “payment” or “invoice X”.

Company A was managed by the Romanian national X. The registered office was located at the home address of Y, who was unemployed and funded company A together with X.

Company A was not registered with the National Social Security Office and did not submit any multifunctional “Limosa” or “Dimona” declaration so officially the company did not employ any staff.

The Belgian Official Gazette showed that company A’s founders received shares when the company was established. Two months later the shares were redistributed among some twelve Romanian nationals.

Even though the share value was low this was done to circumvent legislation on illegal labour given that the Romanian nationals were now considered to be active partners / self-employed workers. This explains why company A’s account statements listed invoices rather than payment of salaries.

Yet it is unlawful to register staff as self-employed workers when they are actually employees.

The Centre for Equal Opportunities and Opposition to Racism confirms this issue and has found that Romanian workers in the construction industry are misused by using the procedure of posting and/or pseudo self-employed workers. “They are registered in Romania, where they sign a contract of an insignificant amount or are constrained to purchase shares in the company involved (in Belgium or not) in order to be able to work as pseudo self-employed workers. These shares must be paid for through work, thus creating debt bondage.”<sup>24</sup>

During checks the police found dozens of Romanian nationals in a house. The owner of this house was linked to companies B and C, the instructing parties of the transfers to A’s account. Some Romanian nationals worked as pseudo self-employed workers for A.

<sup>24</sup> The Centre for Equal Opportunities and Opposition to Racism, Annual Report 2009, page 25.

### Case 3: Use of pseudo self-employed workers

Offence	Money laundering Trafficking in illegal labour Human trafficking Organised crime
Parties involved	Legal persons Natural persons
Sectors involved	Banks
Channels used	Domestic transfers International transfers Cash withdrawals
Jurisdictions involved	Belgium, France, Netherlands, Germany, Turkey, Spain, Czech Republic, Poland, Hungary, Romania
Disclosing entities	Banks
Warning signals	- Sensitive sector (cleaning and construction industry) - Large cash withdrawals - “Post box companies” - The articles of association were changed several times.

The Belgian company Y, specialising in business services, was managed by two Belgian companies B and C, represented by X and Y. Subsequently two other Bulgarian companies were appointed as managers, also represented by X and Y.

Over a period of six months’ time company A’s account was credited with an amount of over EUR 3.500.000, mainly from companies in the automotive industry. Part of the money was transferred to individuals in Romania, Bulgaria, the Czech Republic or a Belgian temping agency. Another part was withdrawn in cash.

According to the National Social Security Office the Limosa form for posting stated that company A employed some thirty Bulgarian, Romanian and Czech nationals as self-employed workers. Yet the transactions on company A’s account showed that most of the beneficiaries were not registered with the National Social Security Office as employees or as self-employed workers and not a single worker stated to be employed in Belgium.

Company A is said to employ staff in Bulgaria, Romania and Czech Republic, probably via two Bulgarian companies led by X and Y. As Bulgarian, Romanian and Czech self-employed workers these members of staff remained residents of their countries of origin and were brought to Belgium without having an address in Belgium.

They were used as pseudo self-employed workers to circumvent the legislation on illegal labour and exploited by company A. They did not have a employment contract but a “*Contract Service Agreement*” stating that company A was their client and their wage was EUR 4 an hour, far less than the usual prices in Belgium.

These unfair practices offered many advantages to company A; by using pseudo self-employed workers the employer’s social security contributions were not paid as usual with wage labour. The provisions protecting employees were also disregarded. Employees are also required to pay social security contributions and payroll tax. The workers were not entitled to notice or compensation in case of termination of the contract nor to minimum wage in case of incapacity for employment due to accident or illness.

### 2.5.5. FATF – Working Group on Typologies

In 2010 the FATF Working Group on Typologies, co-chaired by a Deputy Director of CTIF-CFI, commenced a study on money laundering and human trafficking, including trafficking in illegal labour. This project was led by France (Tracfin) and Group of International Finance Centre Supervisors (GIFCS). CTIF-CFI contributed to this project with respect to the structure and content of the report.

The project was finalised in June 2011<sup>25</sup>. The working group's main conclusions are:

- To improve the fight against human trafficking and smuggling of migrants the national and international cooperation between the various competent authorities, especially the judicial authorities, the police and the FIU should be improved;
- Financial analysis should be maximised to determine the proceeds of crime, especially for countries where the proceeds are reinvested, usually these are the countries where the profit of these activities is later invested;
- This requires better judicial and police cooperation between countries where victims are exploited and the countries where the proceeds of these activities are later invested;
- Awareness should be raised on this issue as well as the efforts to be made to tackle this problem in the country of origin and the country of destination.

## 2.6. Illicit trafficking in narcotics

### 2.6.1. Statistics

In 2011 CTIF-CFI reported fewer files related to illicit trafficking in narcotics than in 2009 and 2010. By contrast the amounts involved in these files are on the rise compared to previous years (EUR 24,35 million).

	2009	2010	2011	% 2011
Number of files	134	138	114	8,48
Amounts <sup>(1)</sup>	11,79	10,99	24,35	3,40

<sup>(1)</sup> Amounts in million EUR

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

<sup>25</sup> Money Laundering Risks Arising From Trafficking In Human Beings and Smuggling of Migrants – July 2011 – [www.fatf-gafi.org](http://www.fatf-gafi.org)



## 2.6.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2011 related to illicit trafficking in narcotics by Public Prosecutor's Office

CTIF-CFI reported most of the files to the Public Prosecutor's Office in Antwerpen and Brussels (22,81 and 29,82 %). The largest laundered amount was reported to the Public Prosecutor's Office in Kortrijk and Verviers (31,68 and 23,22 %).

	<b>Total amount 2011</b>	<b>Total amount%</b>	<b>Total amount 2011<sup>(1)</sup></b>	<b>Total amount %</b>
Kortrijk	4	3,51	7,72	31,68
Verviers	1	0,88	5,66	23,22
Brussels	26	22,81	5,33	21,90
Antwerpen	34	29,82	2,18	8,96
Turnhout	7	6,14	0,95	3,92
Dendermonde	5	4,39	0,74	3,03
Hasselt	6	5,26	0,51	2,11
Liège	4	3,51	0,31	1,25
Namur	3	2,63	0,21	0,87
Gent	6	5,26	0,17	0,71
Tongeren	3	2,63	0,15	0,62
Brugge	3	2,63	0,11	0,44
Eupen	1	0,88	0,11	0,44
Charleroi	4	3,51	0,07	0,30
Neufchâteau	1	0,88	0,03	0,14
Tournai	2	1,75	0,03	0,10
Mechelen	1	0,88	0,02	0,10
Nivelles	1	0,88	0,02	0,07
Oudenaarde	1	0,88	0,02	0,07
Leuven	1	0,88	0,02	0,07
<b>Total</b>	<b>114</b>	<b>100</b>	<b>24,36</b>	<b>100</b>

<sup>(1)</sup> Amount in million EUR

### Breakdown of the number of files reported in 2011 related to illicit trafficking in narcotics by judicial follow-up

The table below shows that 52,63 % of the files have been dismissed and a police investigation is underway in 35,96 % of the files.

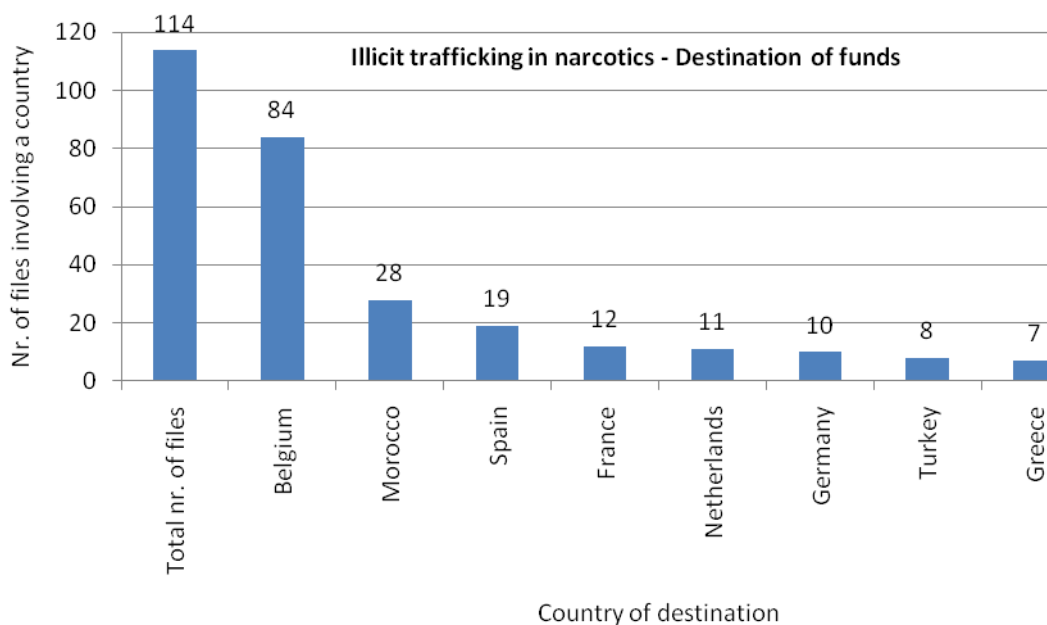
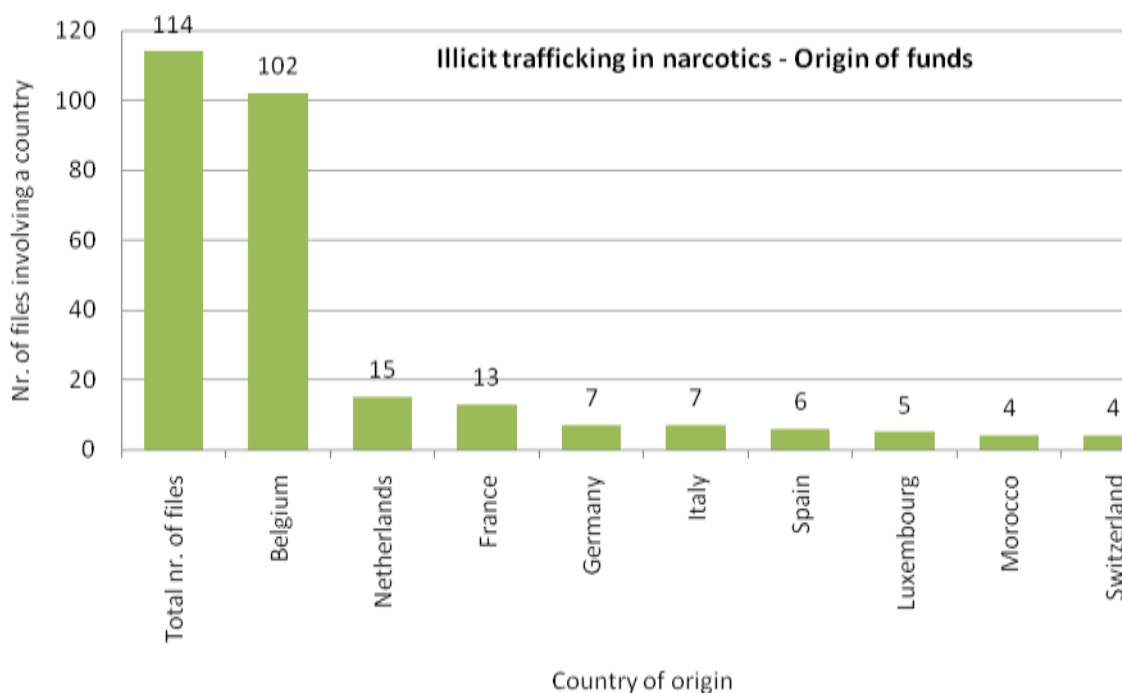
	<b>2011</b>	<b>% 2011</b>
Dismissal	60	52,63
Police investigation	41	35,96
Judicial investigation	7	6,14
No information received yet	5	4,39
Referral to court	1	0,88
<b>Total</b>	<b>114</b>	<b>100</b>

### *2.6.3. Financial flows*

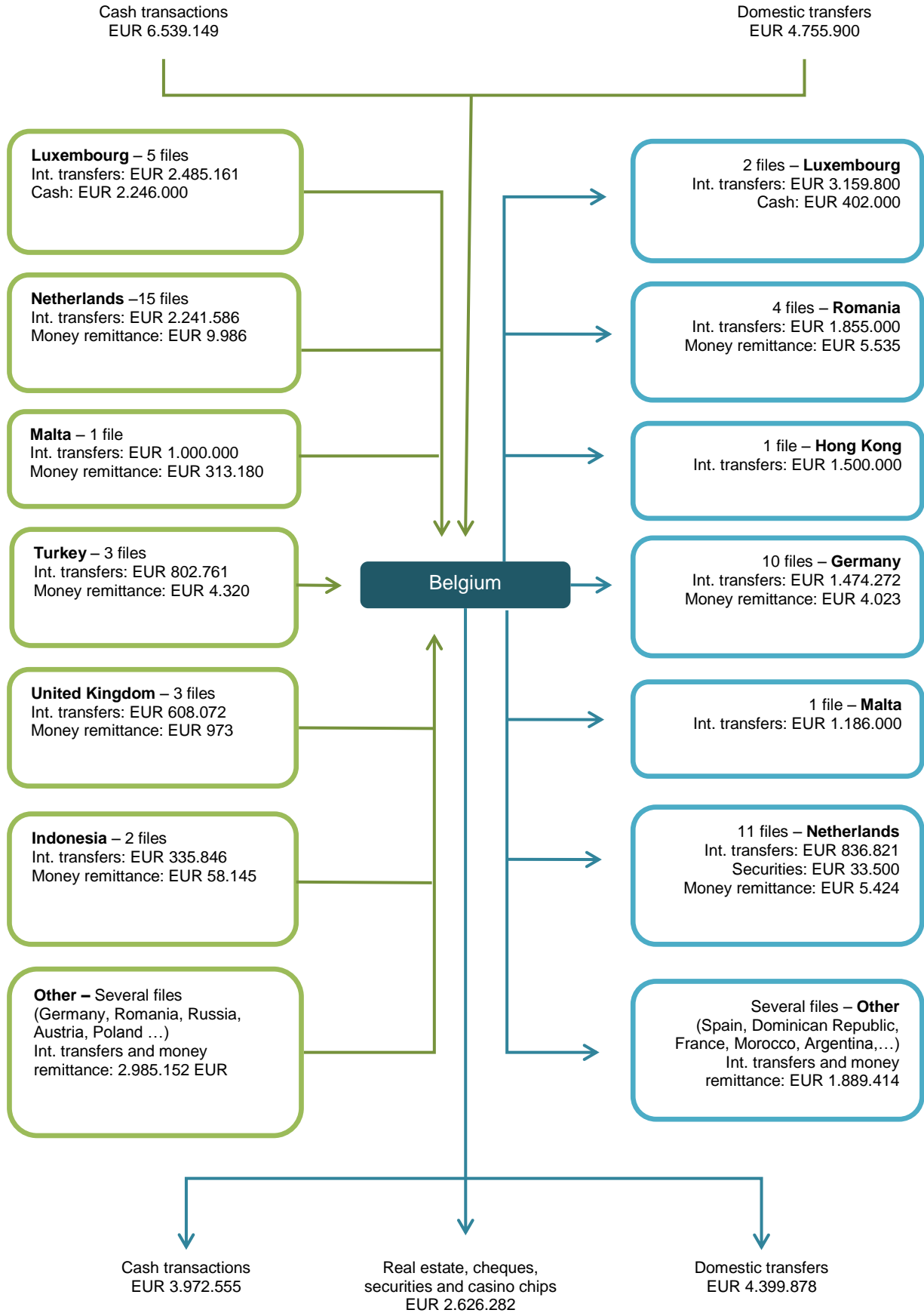
As in 2010 cash is commonly used in the files reported for illicit trafficking in narcotics. These are cash deposits on accounts, cash used for money remittance or cross-border transportation of cash from Belgium. Given the size of the amount we can state that international transfers to Belgium mainly originate from Luxemburg, the Netherlands, Malta and Turkey. Belgium's neighbouring countries are the most frequent ones, which is similar to the financial flows of 2010.

When looking at the destination of the funds we can state that nearly half of the funds initially stays in Belgium, either through cash withdrawals, domestic transfers or investments in real estate or securities. By order of importance these are transferred to Luxemburg, Romania, Hong Kong, Germany, Malta and the Netherlands. Morocco, Spain, France and the Netherlands are the most common countries in reported files.

It should be noted that funds are sent to or from Hong Kong and Malta in only two files, these are relevant because of the amounts rather than their frequency.



### Illicit trafficking in narcotics – diagram







**Case: Money laundering transactions through a company in beauty care (beauty parlour)**

Offence	Money laundering Illicit trafficking in narcotics
Parties involved	Legal persons Natural persons
Sectors involved	Banks
Channels used	Cash deposits International transfers Cash withdrawals
Jurisdictions involved	Belgium, Spain, United Kingdom
Disclosing entities	Banks
Warning signals	- Unusual transactions compared to the company's corporate objects - Large cash transactions

Over the period of a few months the account of company X, a beauty parlour in Brussels, was credited with cash deposits for a total amount of 15.700 EUR. International transfers from Spain (two individuals instructed to carry out the payment) for a total amount of EUR 22.400.

Part of the money was withdrawn in cash. Money was transferred to the United Kingdom, the remainder was apparently used for a rent guarantee.

One of the managers lived in the United Kingdom. The other one lived in Spain and instructed to carry out some of the transfers from Spain.

The transfers from Spain did not correspond to the company's corporate objects, which only carried out local business activities.

International cooperation with the United Kingdom showed that the individual residing in the United Kingdom was arrested in 2006 for trafficking in narcotics and theft.

Open sources showed that one of the instructing parties in Spain had been sentenced to several years' imprisonment for drug manufacturing and money laundering.

The Belgian company was apparently used as a cover to launder money from illicit trafficking in narcotics.

## 2.7. Organised crime

### 2.7.1. Statistics

In 2011 CTIF-CFI reported around the same number of files related to organised crime as in 2010. The amounts are similar to those of 2010 but decrease compared to 2009 (unusual year because a large file was reported – cf. chapter II – 1.1.).

	2009	2010	2011	% 2011
Number of files	38	46	43	3,20
Amounts <sup>(1)</sup>	1.848,60	23,54	23,29	3,25

<sup>(1)</sup> Amounts in million EUR

### 2.7.2. Public Prosecutor's Office

Geographical breakdown of the number of files reported in 2011 related to organised crime by Public Prosecutor's Office

Most of the files (41,86 %), also representing the largest laundered amount, was reported by CTIF-CFI to the Public Prosecutor's Office in Brussels.

	Total number 2011	Total number %	Total amount 2011 <sup>(1)</sup>	Total amount %
Brussels	18	41,86	8,05	34,56
Dendermonde	2	4,65	3,54	15,18
Hasselt	1	2,33	3,01	12,93
Veurne	1	2,33	2,63	11,29
Liège	3	6,98	2,60	11,17
Dinant	1	2,33	0,79	3,40
Antwerpen	7	16,28	0,75	3,22
Tournai	1	2,33	0,61	2,63
Mons	2	4,65	0,60	2,55
Federal Public Prosecutor's Office	2	4,65	0,31	1,35
Brugge	1	2,33	0,14	0,60
Turnhout	1	2,33	0,11	0,46
Charleroi	2	4,65	0,08	0,36
Tongeren	1	2,33	0,07	0,29
<b>Total</b>	<b>43</b>	<b>100</b>	<b>23,29</b>	<b>100</b>

<sup>(1)</sup> Amount in million EUR



### Breakdown of the number of files reported in 2011 related to organised crime by judicial follow-up

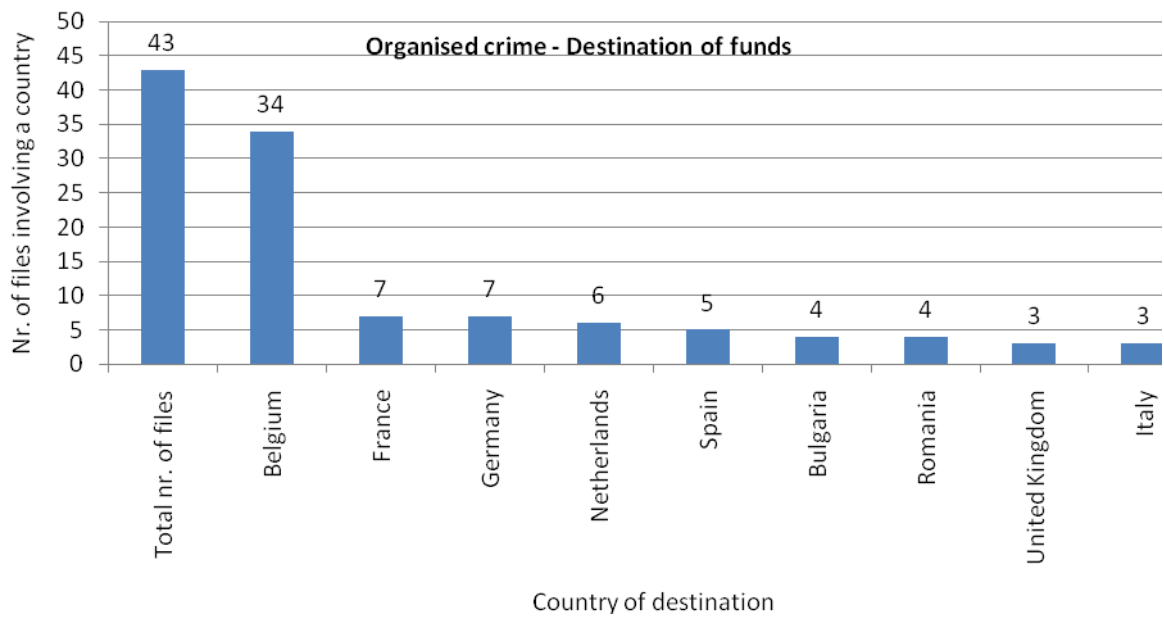
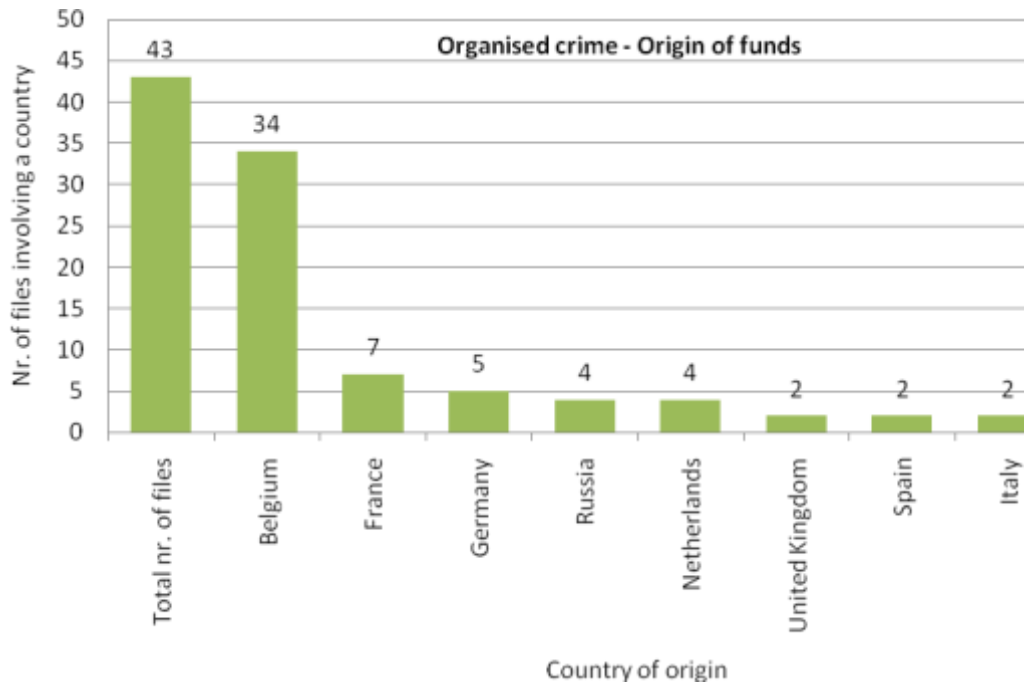
The table below shows that a police investigation is underway in 60,47 % of the reported files and 27,91 % of the files have been dismissed.

	<b>2011</b>	<b>% 2011</b>
Police investigation	26	60,47
Dismissal	12	27,91
Judicial investigation	3	6,98
Handed over to foreign judicial authorities	1	2,32
No information received yet	1	2,32
<b>Total</b>	<b>43</b>	<b>100</b>

### *2.7.3. Financial flows*

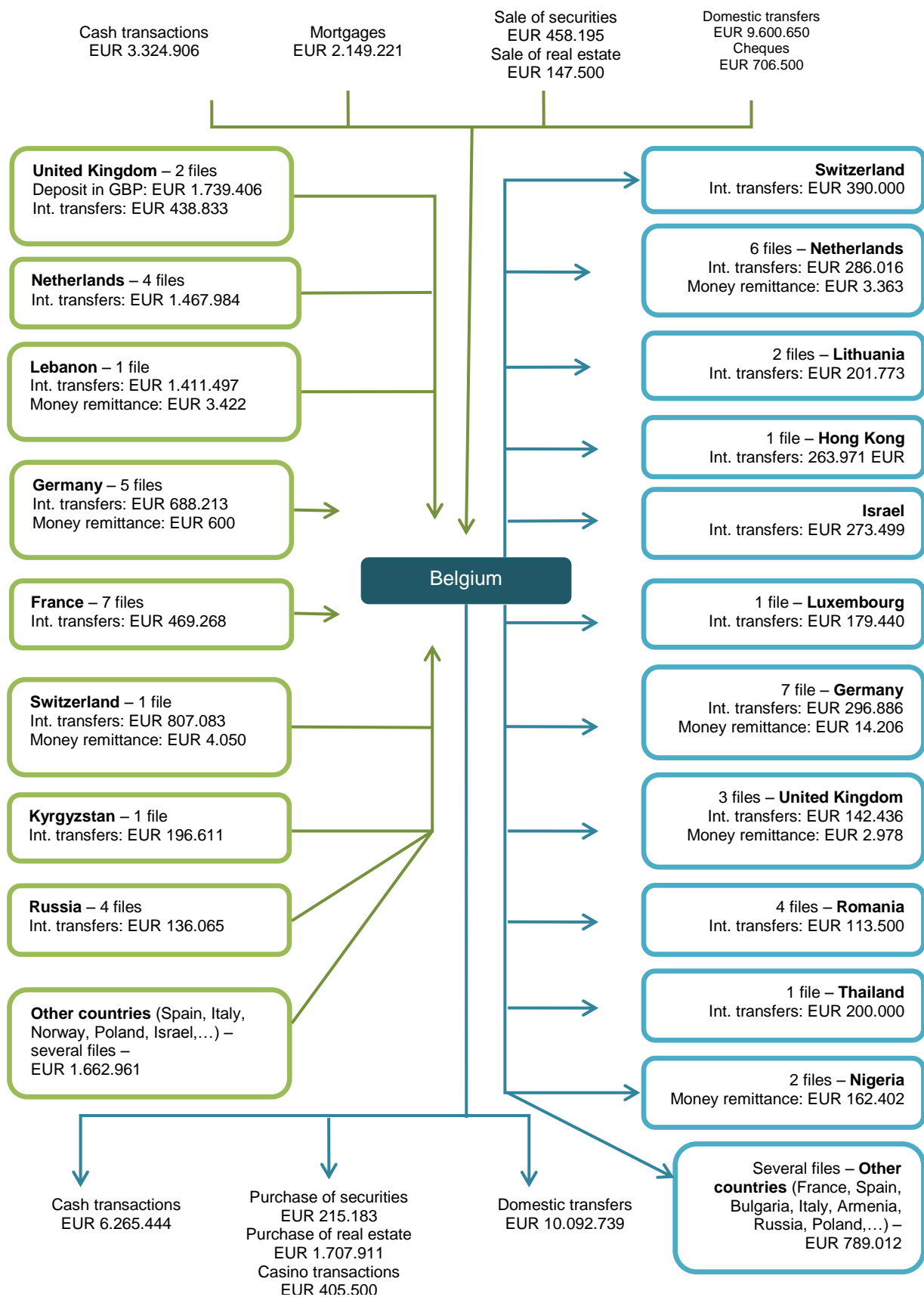
The graphs below indicate that most suspicious transactions in reported files related to organised crime are carried out in Belgium. These are mainly cash deposits and domestic transfers, followed by cash withdrawals, domestic transfers and purchase of securities and real estate.

Even though most of the transactions are carried out in Belgium most international transfers related to organised crime are conducted with Belgium's neighbouring countries such as France, Germany, Luxembourg and the United Kingdom.





## Organised crime – diagram



**Case: ABC-transactions<sup>26</sup>**

Offence	Money laundering Organised crime
Parties involved	Legal persons Natural persons
Sectors involved	Banks
Channels used	Cash deposits Cash withdrawals International transfers Purchase of real estate Mortgages and consumer credit
Jurisdictions involved	Belgium
Disclosing entities	Banks
Warning signals	- Irregularities in the application of mortgages or consumer credits (fake pay slips, overestimated real estate) - Use of mortgages or consumer credit for other purposes - ABC-transactions

Since 2009 a number of individuals residing in Belgium had concluded several mortgages and consumer credits. These were always obtained through the same insurance intermediary, company A, represented by X.

There were numerous irregularities, fake pay slips were used and real estate was greatly overestimated.

Financial analysis showed that the credits were not used for the reason they were taken out. The amount of credit granted was largely withdrawn in cash, transferred to personal accounts or used again to enable an acquaintance to buy the same property at a higher price.

Most of the notarial deeds were drawn up by notaries Y and Z. Both notaries were most probably aware of the fraudulent nature of these transactions given that they were closely involved in establishing some of the individuals' companies and that they were used for drawing up a series of notarial deeds on the same day. This last element led to suspect that ABC transactions were used.

Notary Z drew up two notarial deeds on the same day, for the sale of a property purchased by B as well as for the sale of the same property by B to C for twice the price. In both cases the mortgages were granted.

The same occurred with notary Y where the same property was sold again a few months later with a considerable surplus value to a buyer with the same address as the seller.

With ABC transactions the actual value of the property is lower than the granted mortgages resulting in a substantially overvalued property and a great loss for the lender in case of a forced sale procedure.

With the purchase of some properties amounts were paid in cash, after settlement of the mortgage this led to a surplus that the notary transferred to the buyer's account. This element also pointed to the unusual nature of the transactions enabling criminal proceeds to be laundered.

<sup>26</sup> Rapid succession of transactions involving several parties (ABC) where B is merely an intermediary and the actual transaction is conducted between A and C. This mechanism can be used to conduct fraudulent real estate transactions.



The individuals were known to the police for various offences such as drug trafficking, fraud, misappropriation of corporate assets, fraudulent bankruptcy and human trafficking.

Cash deposits were carried out on the personal accounts of various individuals involved. It was likely that this cash resulted from the crimes for which they were known. The funds were laundered by using them to repay credits.

## 2.8. Trafficking in human beings

### 2.8.1. Statistics

In 2011 CTIF-CFI reported more files related to trafficking in human beings than in 2010 and 2009. The amounts involved in these files are increasing in comparison with 2010 and 2009, yet they only represent 1,69% of the total laundered amount.

	2009	2010	2011	% 2011
Number of files	60	53	70	5,20
Amounts <sup>(1)</sup>	4,61	6,50	12,12	1,69

<sup>(1)</sup> Amounts in million EUR

### 2.8.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2011 related to trafficking in human beings by Public Prosecutor's Office

CTIF-CFI reported most of the files to the Public Prosecutor's Office in Brussels, Antwerpen and Liège (31,43, 10,00 and 10,00 %), yet the largest laundered amounts were reported to the Public Prosecutor's Office in Dendermonde and Gent (36,69 and 18,31 %).

	Total number 2011	Total number %	Total amount 2011 <sup>(1)</sup>	Total amount %
Dendermonde	5	7,14	4,45	36,69
Gent	5	7,14	2,22	18,31
Antwerpen	7	10,00	1,20	9,89
Brussels	22	31,43	1,13	9,37
Brugge	4	5,71	1,11	9,22
Leuven	3	4,29	0,89	7,31
Liège	7	10,00	0,36	2,96
Hasselt	6	8,57	0,24	2,00
Turnhout	1	1,43	0,13	1,05
Tongeren	2	2,86	0,10	0,81
Charleroi	2	2,86	0,08	0,67
Kortrijk	2	2,86	0,08	0,66
Namur	1	1,43	0,06	0,51
Verviers	1	1,43	0,04	0,30
Nivelles	1	1,43	0,02	0,12
Tournai	1	1,43	0,01	0,12
<b>Total</b>	<b>70</b>	<b>100</b>	<b>12,12</b>	<b>100</b>

<sup>(1)</sup> Amount in million EUR

### Breakdown of the number of files reported in 2011 related to trafficking in human beings by judicial follow-up

The table below shows that a police investigation is underway in 52,86 % of the reported files and 41,43 % of the files have been dismissed.

	<b>2011</b>	<b>% 2011</b>
Police investigation	37	52,86
Dismissal	29	41,43
No information received yet	4	5,71
<b>Total</b>	<b>70</b>	<b>100</b>

### *2.8.3. Financial flows*

The diagrams below show that Belgium plays a key role in cases related to trafficking in human beings. In terms of amounts cash deposits in Belgium and domestic transfers are the most significant.

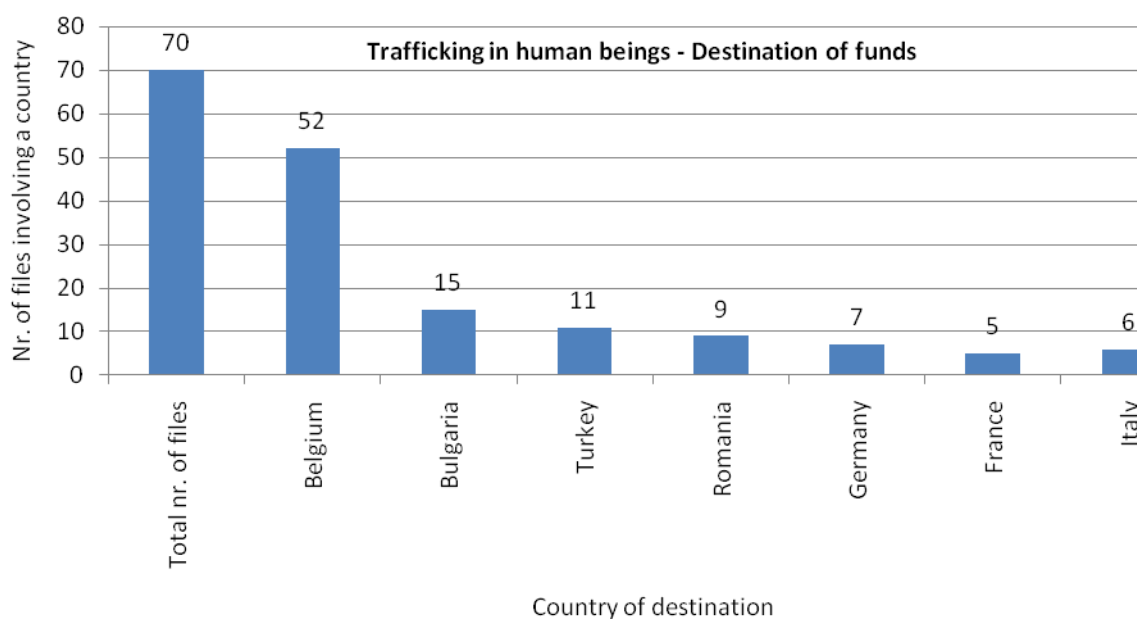
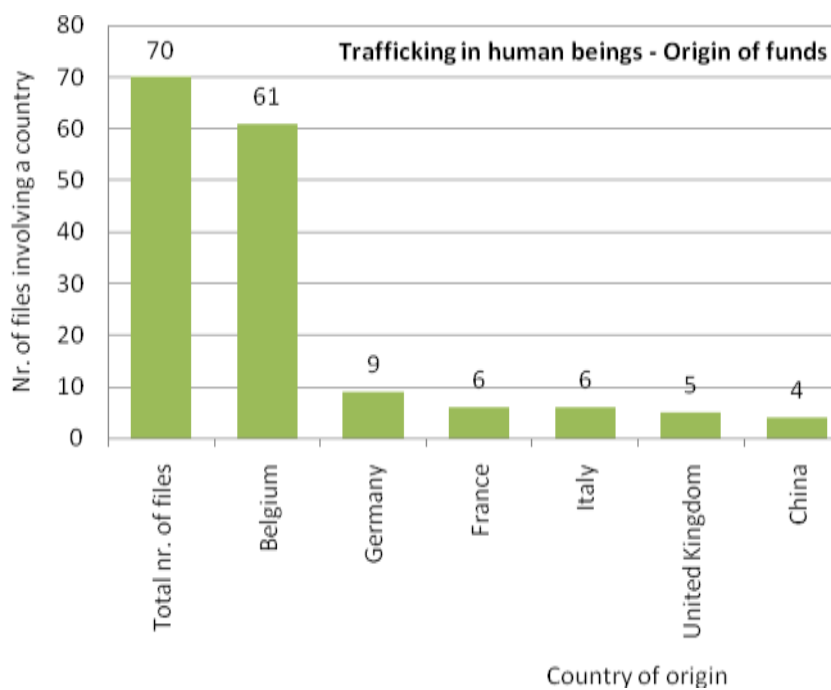
There is an incoming flow from China for a total amount of some EUR 500.000. These transactions are investments in Belgium in the restaurant sector with proceeds from trafficking in human beings.

Outgoing flows often refer to money remittance to countries known to organize and supply victims of trafficking in human beings (Albania, Moldova, Romania, Ukraine, Bulgaria, and Thailand).

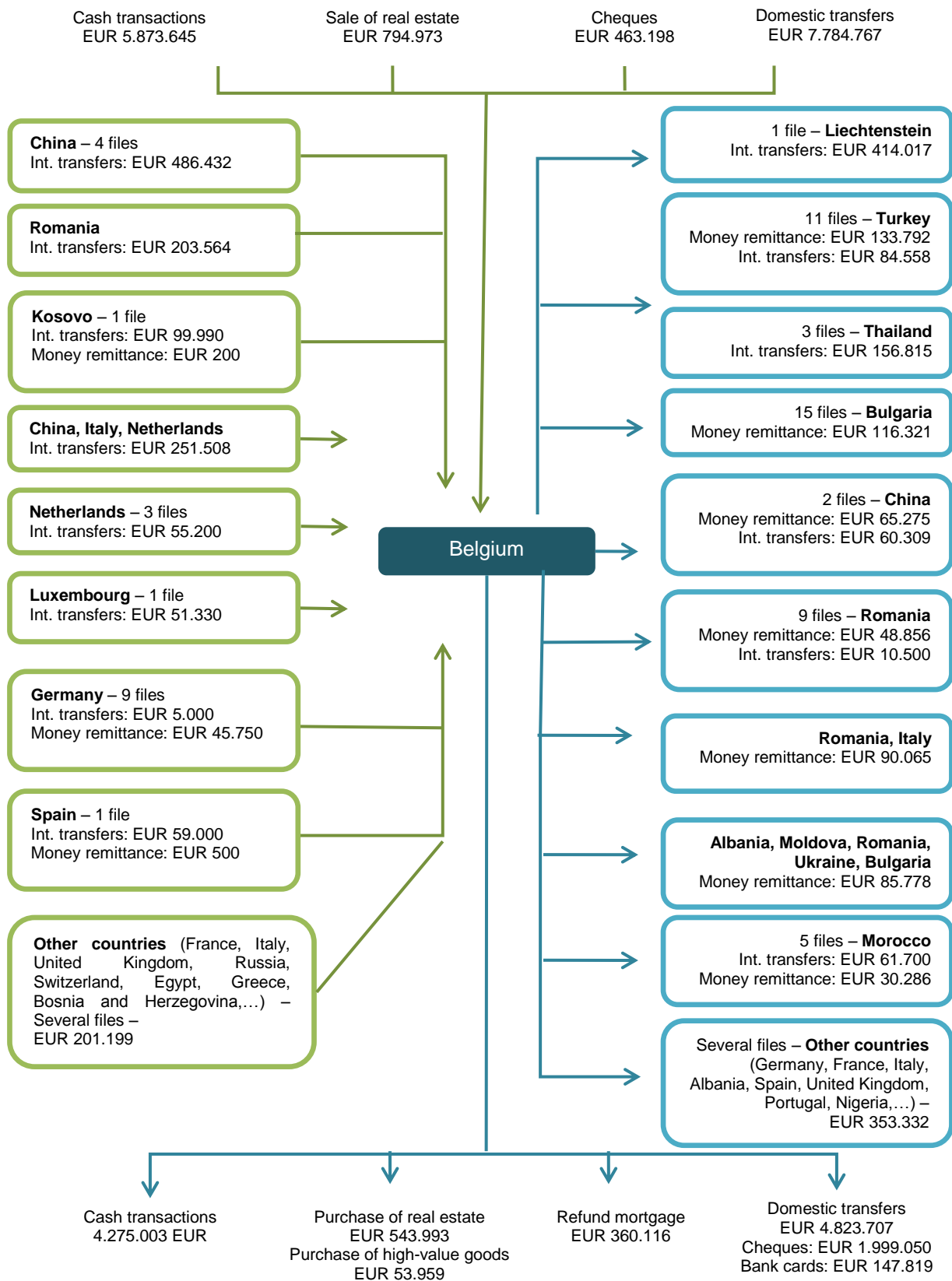
Typical of files related to trafficking in human beings is that money remittance can be carried out almost anonymously as only small amounts are involved and can be carried out almost immediately.

Victims of trafficking in human beings use money remittance to send money to their country of origin. Money is laundered by order of a criminal organisation, in the country of destination (of the organizers as well as the victims) the beneficiaries must return part of the transferred money to the organizers (usually relatives of the victims).





## Trafficking in human beings – diagram





**Case 1: Money laundering through a company running a night shop and a car wash**

Offence	Money laundering Trafficking in human beings Trafficking in illegal labour
Parties involved	Legal persons Natural persons
Sectors involved	Banks
Channels used	Cash deposits Domestic transfers International transfers Writing out cheques Cash withdrawal
Jurisdictions involved	Belgium, India, France, Germany, Spain
Disclosing entities	Banks
Warning signals	- Sensitive sector (night shop, car wash) - Unusual transactions compared to the individual's economic profile - Mixing corporate and personal funds - Considerable cash transactions

Over a period of two years the accounts of the Belgian company P, a night shop and car wash, was credited mainly with cash deposits for over EUR 1.500.000. The funds were then primarily used to issue cheques to the Belgian company V, a wholesale business in tobacco.

In that period over EUR 60.000 was deposited in cash and international transfers from individuals in India, France, Germany and Spain for some EUR 40.000 on the personal account of X, associate of company P. A large part of the money was withdrawn in cash.

Information from the National Social Security Office indicated that company P did not employ any personnel. Police information revealed that X and company P were known for trafficking in human beings and exploiting illegal aliens for company P's activities.

The transactions on P's and X's accounts could therefore be linked to trafficking in human beings, for which they were already known to the police.

## Case 2: Substantial international transfers and cash transactions to purchase a Chinese restaurant

Offence	Money laundering Trafficking in human beings
Parties involved	Legal persons Natural persons
Sectors involved	Banks
Channels used	Cash deposits Domestic transfers International transfers Writing out cheques
Jurisdictions involved	Belgium, China, Italy, Netherlands
Disclosing entities	Banks
Warning signals	- Sensitive sector (hotel and catering industry) - Considerable cash transactions - Origin of the funds is unknown

CTIF-CFI reported this file to the judicial authorities after having received several disclosures from different banks.

The restaurant W was set up with a starting capital of EUR 200.000. The money mainly came from A, B and C's current accounts, managers of W. The fourth manager D deposited the remaining EUR 60.000 in cash. The individuals were Chinese nationals or people of Chinese descent, residing in Belgium.

Analysis of A, B and C's current accounts indicated that the balance was built up by transfers from their savings accounts that were in turn credited with considerable cash deposits and transfers from Italy and the Netherlands. Over a period of six months nearly EUR 150.000 was deposited in cash and somewhat EUR 100.000 was transferred from abroad. The origin of the cash was unknown.

CTIF-CFI also received a disclosure regarding an account B held with another bank. This account was credited with large deposits in cash and numerous transfers from China. B explained these deposits were related to the sale of a property and the transfers were related to loans from friends.

One of B's other accounts was also used for transactions. The account was hardly used for one year, suddenly followed by a series of transfers from China, Italy and the Netherlands. This money was then used to write out cheques to a notary.

During this period various Chinese nationals or people of Chinese descent opened accounts with the same bank in Belgium. These accounts were mainly credited with cash deposits and transfers from people of Chinese descent or companies managed by people of Chinese descent. The funds were subsequently withdrawn in cash, transferred to China or used to purchase part of the restaurant W.

Police information showed that the individuals were known for trafficking in human being using Chinese restaurants.



## 2.9. Terrorism, terrorist financing, including proliferation financing

### 2.9.1. Statistics

The number of files reported by CTIF-CFI in 2011 due to serious indications of terrorist financing rose slightly. In absolute figures the number of files remains rather limited as well as the total amount reported in 2011. The slight increase in the number of files is partly due to the larger number of files related to proliferation financing.

The Law of 18 January 2010 added non-proliferation to CTIF-CFI's authority and the disclosure of suspicious financial transactions potentially related to this matter achieved cruising speed in 2011. The amounts in these files are also much larger compared to traditional terrorism files.

The small share of files related to terrorist financing (including proliferation financing) in the total number of files reported in 2011 by no means implies that CTIF-CFI underestimates the importance of financial investigation into terrorism. This investigation will presumably not foil any specific one-off acts or attacks but can contribute to preventing terrorist organizations or states developing the necessary infrastructure and creating the appropriate climate resulting in violent action.

Analysis of the files shows that financial transactions are mainly used to support organisations propagating extremist ideas. Thanks to this financial support the extremist organisations can in the long run become a breeding ground for terrorist activities, usually in foreign areas of conflict.

CTIF-CFI only has jurisdiction over terrorism and not financing of extremism. In practice is often difficult to distinguish between extremism and terrorism and because its limited powers in financial investigations CTIF-CFI needs to focus on known organisations on lists of terrorists.

Extending the powers to financing of extremist activities would enable CTIF-CFI, in close cooperation with competent partner agencies (police, Federal Public Prosecutor's Office and intelligence services), to play a more proactive role in combating terrorism and financial and logistic development of extremist networks at an early stage.

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

	2009	2010	2011	% 2011
Number – terrorism	0	4	1	0,07
Number –terrorist financing <sup>(1)</sup>	13	15	21	1,56
Amount – terrorism	0	0,16	0,04	0,01
Amount –terrorist financing <sup>(1)</sup>	0,42	6,13	1,93	0,27

<sup>(1)</sup> including proliferation financing – amounts in million EUR

### 2.9.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2011 related to terrorism or terrorist financing by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total amount of laundering/terrorist financing by Public Prosecutor's Office. CTIF-CFI reported most of the files (81,82 %) to the Federal Public Prosecutor's Office.

	<b>Total number 2011</b>	<b>Total number %</b>	<b>Total amount 2011<sup>(1)</sup></b>	<b>Total amount %</b>
Federal Public Prosecutor's Office	18	81,82	1,40	71,31
Brussels	1	4,55	0,34	17,25
Antwerpen	1	4,55	0,10	4,84
Gent	1	4,55	0,09	4,70
Mechelen	1	4,55	0,04	1,89
<b>Total</b>	<b>22</b>	<b>100</b>	<b>1,97</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR

Breakdown of the number of files reported in 2011 related to terrorism and terrorist financing, including proliferation financing by judicial follow-up

The table below shows that 45,45% of the reported files were dismissed<sup>(1)</sup> by the Public Prosecutor's Office.

	<b>2011</b>	<b>% 2011</b>
Dismissal	10	45,45
Police investigation	7	31,82
No information received yet	5	22,73
<b>Total</b>	<b>22</b>	<b>100</b>

### 2.9.3. Financial flows

Analysis of the financial flows in files related to terrorist financing and proliferation shows that domestic transfers and cash transactions are the most common suspicious transactions.

The case below shows that transportation of currency should also be taken into account when priorities with respect to combating terrorist financing are established.

In terrorism files funds are generally withdrawn in cash from an account on which money was paid in by domestic transfer by order of or to individuals featuring in terrorism investigations.

In several cases smaller amounts are sent using money remittance from Belgium to sensitive countries such as Morocco, Pakistan, Russia and Afghanistan.

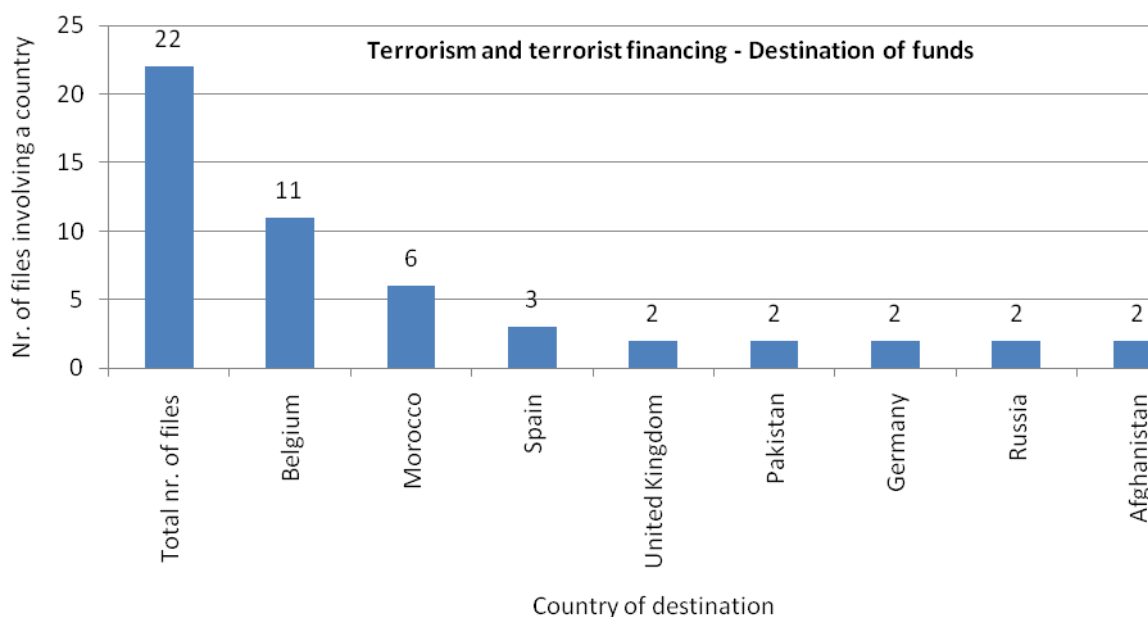
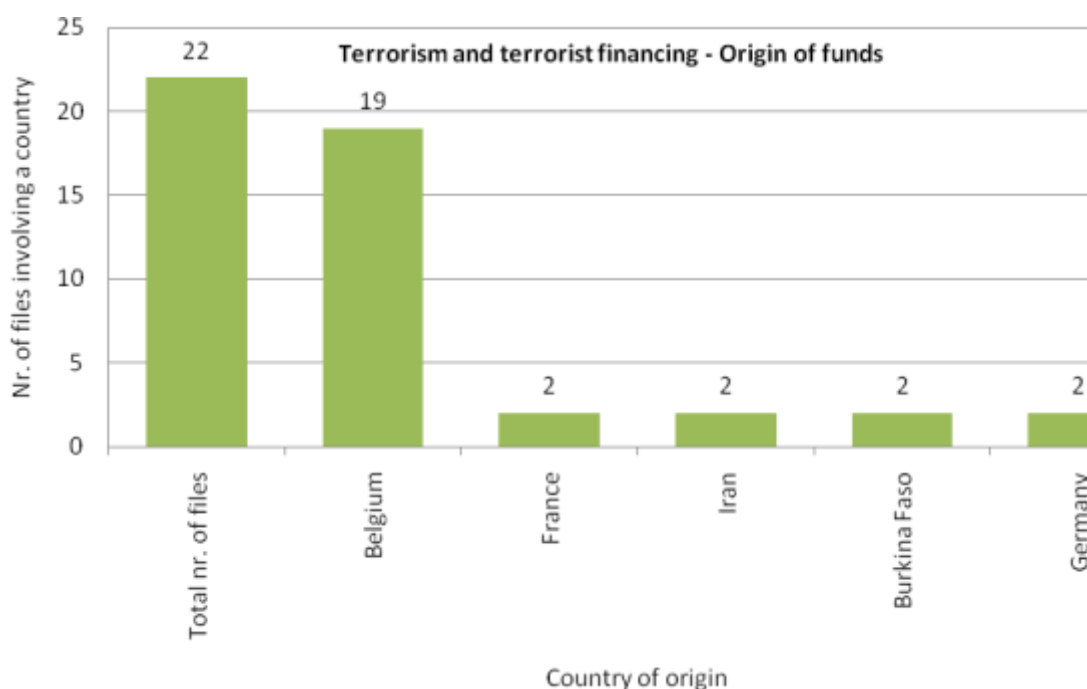
In recent years the origin of the funds was mainly legitimate and primarily from business activities, social benefits or unemployment benefits. Yet in 2011 many files were also reported related to trafficking in narcotics, fraud, smuggling of human beings or trafficking in arms. This finding could indicate that the boundaries between terrorist and criminal networks are gradually fading.

In 2011 it was also found that companies, whether or not with actual business activities, were used as a cover for suspicious transactions (cash deposits and withdrawals, transfers).

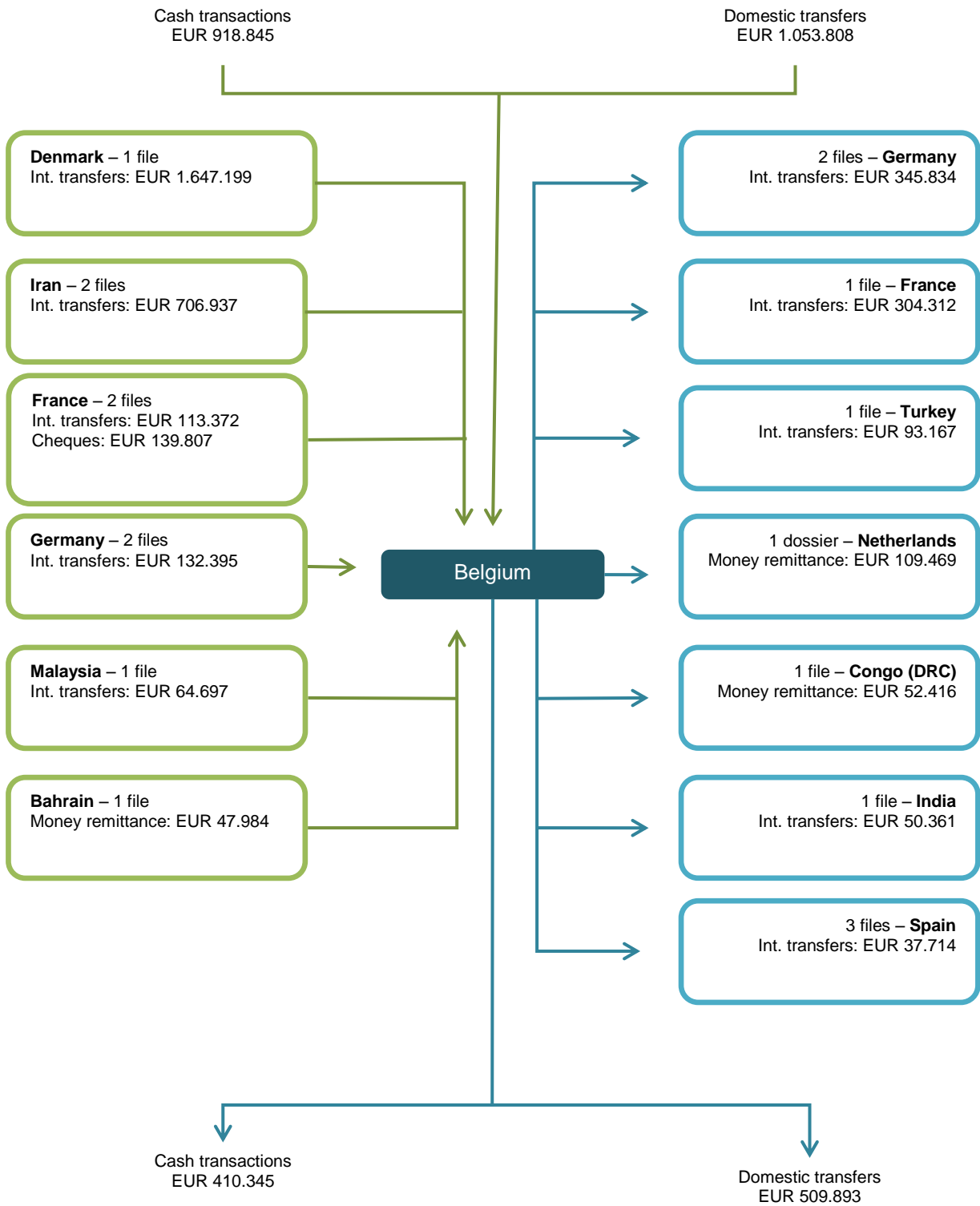


The following extremist organisations or groups were identified in files related to terrorist financing reported in 2011: Al QAEDA or groups linked to AL QAEDA (AQIM, network around EL AROUD), PKK (Partiya Karkaren Kurdistan), KHATM-E-NUBUWWAT, SIPAH-E-MUHAMMAD, JAMAAT AL TABLIGH and BBET (“Bloed Bodem Eer Trouw”).

In files reported because of indications of proliferation the suspicious financial flow consisted of international transfers. The funds were either transferred directly from Iran to an account of a Belgian supplier or were paid to an intermediary in neighbouring countries France and Germany or in Malaysia. Belgian companies were also used to purchase goods from German suppliers of goods with potential nuclear end use.



## Terrorism and terrorist financing – diagram





**Case 1: Transport of currency related to terrorist financing**

Offence	Terrorist financing Organised crime
Parties involved	Natural persons
Sectors involved	Financial institutions
Channels used	Transport of currency Domestic transfers International transfers
Jurisdictions involved	Belgium, Turkey, Germany
Disclosing entities	Bank
Warning signals	- Transport of currency - No economic rationale - Transit accounts - Legal persons were listed

X, residing in Belgium and without any profession, held EUR 25.000 on him when travelling to Turkey and did not declare this sum to German customs. X claimed he had sold a property in Belgium and the profit was to be used to purchase a building lot in Turkey.

Information from the land registry showed that X had not sold any property in Belgium. No cash withdrawal of EUR 25.000 was recorded on the account. Such an amount did not fit in with his professional situation, X was unemployed. He did receive EUR 8.000 from his brother-in-law Y.

Some financial checks led to the conclusion that the EUR 25.000 transported by X initially belonged to Z. These funds were made up of cash deposits he carried out in previous months and a transfer of over EUR 250.000 from company A.

Apart from these unusual transactions Z carried out substantial cash transactions and transfers of several thousand EUR over the period of a few months. The beneficiaries' names were of Turkish or Kurdish origin. These transactions were carried out in the same period as the transactions described above without any clear obvious economic rationale.

The accounts of Y and Z were regularly used to transfer funds to and from their own accounts or third party accounts. This was probably aimed at concealing the origin of the cash deposits or transfers and cover up tracks.

According to police information X was said to be involved in importing drugs and weapons. He is said to regularly travel to Italy in vehicles borrowed from acquaintances. He allegedly imported weapons and many kilograms of cocaine. Z is alleged to be of Kurdish descent and to have visited various Turkish families of Kurdish descent to raise funds for the PKK.

### Case 2: Proliferation financing

Offence	Financing of proliferation-sensitive nuclear activities or the development of nuclear weapon delivery systems
Parties involved	Legal persons
Sectors involved	Financial institutions
Channels used	International transfers
Jurisdictions involved	Belgium, Iran
Disclosing entities	Bank
Warning signals	- Transfers from Iran - Listed legal persons

The account of the Belgian company A trading in steel was credited with a transfer of nearly EUR 225.000 from the Iranian company B, selling products for industrial refrigeration. The reference pointed to the payment of an invoice. The transaction was carried out via bank X in Iran and bank Y in Germany.

Three months later company A's account was credited with another transfer of some EUR 130.000 from bank Y. The reference pointed to an invoice stating the identity of the ultimate ordering party.

Bank X was figured in the consolidated list of persons and entities subject to restrictive measures against Iran of Council Regulation (EU) No 961/2010.

Banks X and Y were also mentioned on the OFAC list "Specially Designated Nationals & Blocked Persons". These banks are said to be owned by or belong to the Iranian government.

The Iranian company B was suspected of having taken part in building projects for the Iranian air force and navy. This company was also mentioned on the OFAC sanctions list.

## 2.10. Corruption and politically exposed persons

### 2.10.1. Statistics

The number of files reported in 2011 related to corruption is on the rise compared to 2010 and 2009 as well as the amounts of these files.

	2009	2010	2011	% 2011
Number of files	4	9	23	1,71
Amounts <sup>(1)</sup>	1,69	5,96	23,35	3,26

<sup>(1)</sup> Amounts in million EUR



International experience (FATF and others) as well as recent events demonstrate to what extent corruption cases are brought to light in many political crises. More than ever before particular attention should be paid to transactions carried out by politically exposed persons wishing to partly or entirely invest the proceeds of their illegal activities by using the financial system.

As a result of crisis situations in various North African countries (Tunisia, Egypt and Libya) CTIF-CFI published various warnings on its website early 2011. The disclosing entities referred to in the Law of 11 January 1993 were asked to remain alert in case of transactions carried out by politically exposed persons. This partly explains the increase in the number of reported files and the increase in the total laundered amount of these files.

The analysis of the financial flows of files reported in 2011 (cf. [2.10.3.](#) below) confirms this finding. The list of the eight most frequent countries of origin of the funds in files related to corruption contains four African countries, including Libya.

The case highlights the importance of customer due diligence, especially with regard to politically exposed persons and their relatives.

Cases involving politically exposed persons are not always related to corruption, CTIF-CFI also identified other predicate offences.

In a file related to organised crime and trafficking in narcotics a politically exposed person of Lebanese descent held an account in Belgium. He led the Belgian company A importing and exporting cars. This account was not often used yet suddenly received a transfer of nearly USD 400.000 from Lebanon. This money was withdrawn in cash EUR 25.000 a time. Shortly afterwards another amount of nearly USD 1.500.000 from Lebanon was credited to the account. CTIF-CFI issued a freezing order for a period of two working days. The transactions did not fit in with the customer's financial profile. The customer's explanation (wage earner or loan to purchase a ship to transport cars to Africa) were not very convincing. Police information revealed that this individual was known for criminal association related to trafficking in narcotics. By structuring cash withdrawals without insight into the final goal from the politically exposed person's account at least part of the funds could be used to launder the proceeds of trafficking in narcotics in Belgium. Taking into account the association of criminals related to trafficking in narcotics, the substantial amounts and the fact that the money came from a relative of the politically exposed person it is also possible that the funds from Lebanon resulted from illegal activities by relatives of the politically exposed person. The car dealership of company A was probably used as a cover for these illegal activities.

Following the Arab spring CTIF-CFI, together with other European FIUs including the French FIU, submitted seven proposals to the Committee on the Prevention of the Money Laundering and Terrorist Financing (CPMLTF). Future European legislation (fourth directive) will have to take this into consideration to improve cooperation between FIUs. Legislation should be adopted to give EU member states the same powers when receiving a request for information from a foreign FIU as when receiving a disclosure from an institution subject to the AML/CFT law, all FIUs of EU member states must be able to request additional information from disclosing entities, all FIUs of EU member states should under certain circumstances be able to directly or indirectly issue freezing orders including a freezing order regarding a request for assistance from a foreign FIU, all FIU should have direct or indirect access to databases of judicial authorities, every EU member state should have a central database of bank accounts that is also accessible in case of a request for information from a foreign FIU, a central database of real estate and investments equivalent to life insurance contracts should be set up, FIUs of EU member states should be able to exchange information on individuals without previously having received a disclosure and should also contribute to compiling EU lists of persons suspected of being related to terrorist financing or corruption.

## 2.10.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2011 related to corruption by Public Prosecutor's Office

CTIF-CFI reported most of the files (52,17 %), also representing the largest laundered amount, to the Public Prosecutor's Office in Brussels.

	<b>Total number 2011</b>	<b>Total number %</b>	<b>Total amount 2011<sup>(1)</sup></b>	<b>Total amount %</b>
Brussels	12	52,17	12,47	53,43
Federal Public Prosecutor's Office	1	4,35	6,48	27,75
Veurne	1	4,35	2,00	8,57
Hasselt	1	4,35	1,04	4,45
Antwerpen	2	8,70	0,65	2,78
Liège	1	4,35	0,25	1,07
Namur	1	4,35	0,14	0,58
Tongerren	1	4,35	0,12	0,54
Arlon	1	4,35	0,11	0,49
Nivelles	1	4,35	0,07	0,28
Mons	1	4,35	0,02	0,07
<b>Total</b>	<b>23</b>	<b>100</b>	<b>23,35</b>	<b>100</b>

<sup>(1)</sup> Amounts in million EUR

Breakdown of the number of files reported in 2011 related to corruption by judicial follow up

The table below shows that a police investigation is underway in 47,83 % of the reported files and 39,13 % of the files have been dismissed.

	<b>2011</b>	<b>% 2011</b>
Police investigation	11	47,83
Dismissal	9	39,13
No information received yet	2	8,70
Judicial investigation	1	4,35
<b>Total</b>	<b>23</b>	<b>100</b>

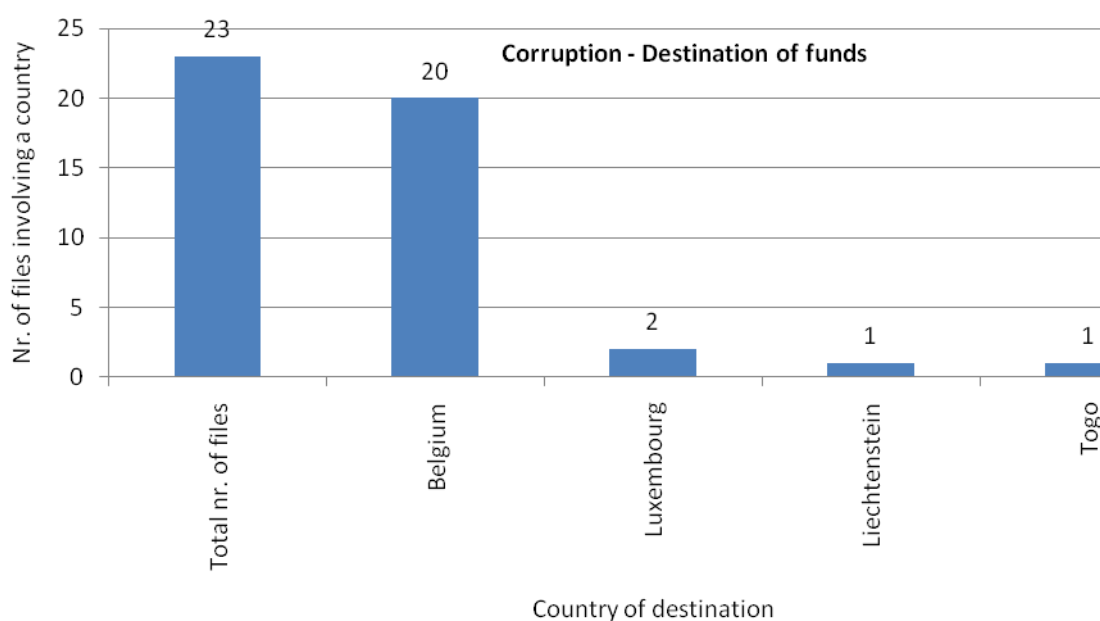
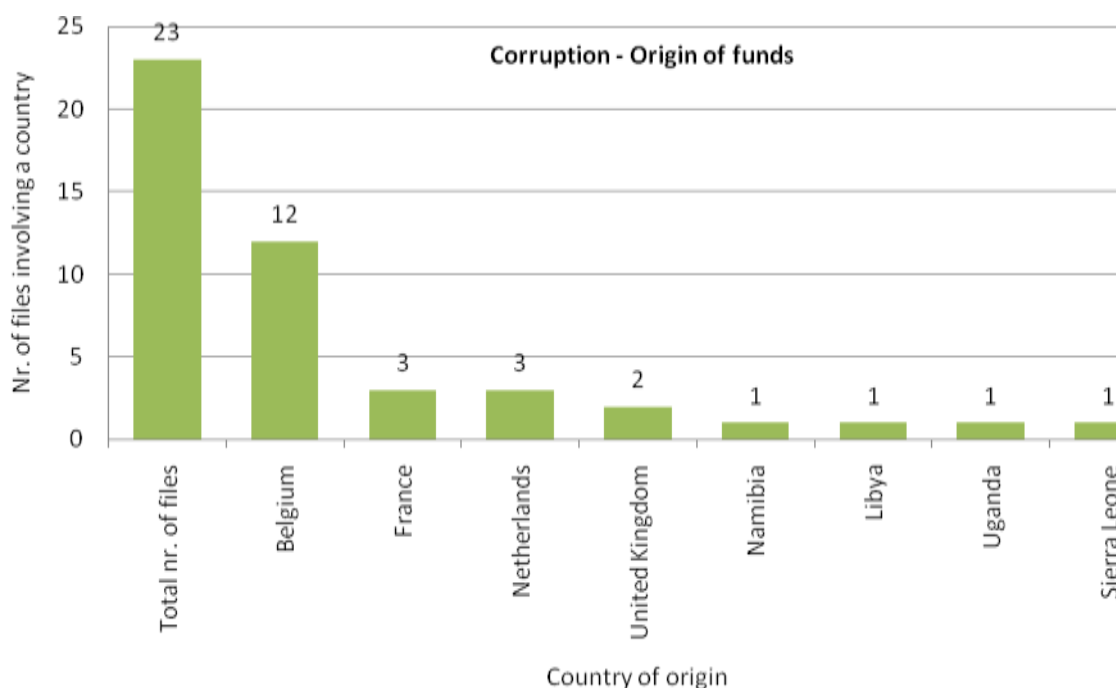


### 2.10.3. Financial flows

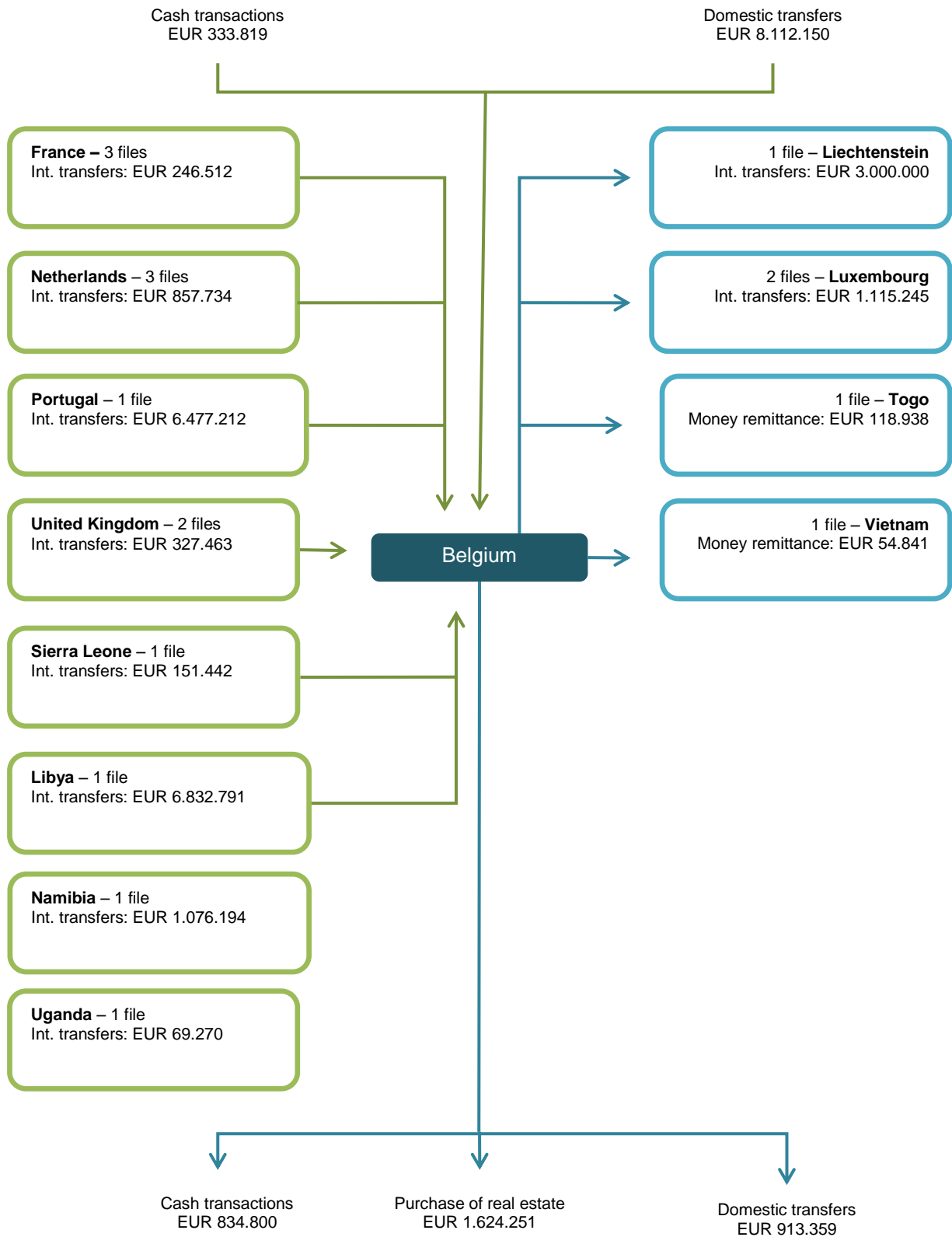
Money laundering transactions are usually carried out through banks. The transactions carried out are transfers abroad followed by cash withdrawals, investments in real estate or international or domestic transfers.

Even though in most files corrupt individuals carry out the money laundering transactions these are sometimes also carried out by third parties, especially when politically exposed persons are involved. These are usually family members, relatives or non-financial professionals.

Files show that complex money laundering techniques are used such as the use of private banking, various transit accounts, front companies and offshore.



## Corruption – diagram





**Case: Money laundering – corruption – politically exposed persons**

Offence	Money laundering Corruption
Parties involved	Natural persons Legal persons
Sectors involved	Financial institutions
Channels used	International transfers Cash deposits
Jurisdictions involved	Belgium, Libya
Disclosing entities	Bank
Warning signals	- CTIF-CFI asked to be very vigilant when politically exposed persons are involved

United Nations Security Council Resolutions 1970 (26/02/2011) and 1973 (17/03/2011) on the situation in Libya (sanctions against the Libyan regime and a no-fly zone) enforced freezing assets (apart from Mummar Qadhafi, members of his family and senior officials or the Libyan state) of five institutions (Libyan banks and the Libyan national oil company) described as potential sources of funding of the Qadhafi regime. The frozen assets must later be made available to the Libyan people and used in the people's interest.

In Annex IV of Council Decision 2011/178/CFSP of 23 March 2011 amending Decision 2011/137/CFSP concerning restrictive measures in view of the situation in Libya the Council of the European Union listed 15 institutions controlled by Mummar Qadhafi and members of his family, nine of these institutions were potential sources of funding of the regime.

CTIF-CFI received a disclosure in this regard. Analysis of the accounts of the Libyan embassy in Brussels revealed direct international transfers at the start of 2011 from the Libyan treasury for an amount of nearly EUR 1.500.000. The main debit transactions were cash withdrawals. These cash withdrawals were unusual due to the large amounts and timing of the transactions. An embassy account was used but it was unclear how the money would ultimately be used.

Based on these elements it was likely that funds that the Libyan treasury transferred to the Libyan embassy in Brussels partly or entirely originated from institutions listed on lists of the UN and the Council of the European Union and described as potential sources of funding of the Qadhafi regime. As these institutions were controlled by Mummar Qadhafi and his family it was not excluded that these were used as a cover to finance public funds or illegal activities of the Qadhafi clan related to corruption. According to the law of 11 January 1993 any direct or indirect use of such funds is considered to be money laundering.

### 2.10.5. FATF Typologies

The FATF published a study on typologies regarding money laundering and corruption<sup>27</sup>.

According to the FAG the most common techniques are:

- Using untransparent corporate structures and trusts;
- Using front men (to introduce other or as intermediaries);
- Purchasing government assets;
- Bribing other public officials;
- Purchasing financial institutions.

FATF also found that in some countries (including the country of origin of the politically exposed person) the legislation and regulations aimed at combating these issues are not always transposed and/or effectively applied. Consequently politically exposed persons still have unrestricted access to the global financial system.

### 3. JUDICIAL FOLLOW-UP

The preventive system introduced by the Law of 11 January 1993 based on the international FATF standards preventing the use of the financial system for purposes of money laundering and terrorist financing primarily has a preventive effect. Yet this system also has a law enforcement finality. Two cases illustrate the judicial follow up of two files CTIF-CFI reported to the judicial authorities because of serious indications of money laundering referred to in the law.

The two cases described below show that money laundering and predicate offences can be taken on efficiently. In order to obtain results a coordinated approach is required involving all disclosing entities and various parties involved in analysing (FIU), investigating (police) and prosecuting (judicial authorities) and subsequently seizing and confiscating (Central Office for Seizure and Confiscation) proceeds of crime. The preventive and criminal justice approaches are complementary and can lead to good results. By preventively detecting suspicious transactions branches throughout the world can be detected and suspicious transactions of efficient criminal organisations can be stopped.

The second case shows that criminal organisations need to use or transport cash at some point. Checks on physical cross-border transportation of currency are therefore essential to tackle money laundering and other crimes affecting our economy. When placing the laundered money criminals run the highest risk of getting caught, either when depositing cash on an account or in case of checks when transporting cash from one country to another.





**Case 1: Money laundering – illicit trafficking in narcotics – several buildings and bank accounts seized and confiscated**

A bank in Antwerp disclosed the suspicious transaction described below in October 2007. In July 2007 the bank account of a recently established company in Antwerp was credited with an amount of EUR 992.500 from a notary in Antwerp. Less than one hour later the entire amount was returned to this notary. The company had bought a property in Antwerp, this transaction was linked to this purchase. The company's account was merely used for accounting purposes to show the building had been bought with the company's money.

The company in Antwerp had two associates: a British national with an address in Cyprus who actually resided in Belgium and a Dutch national who lived in the Netherlands.

CTIF-CFI's analysis showed that the notary of Antwerp's transfer of EUR 992.500 was made up of recent transfers from Cyprus on the notary's account by order of the main associate of the company or companies to which he was related.

Information exchanged between CTIF-CFI and its Dutch and British counterparts indicated that the Dutch national committed drug offences between 1999 and 2001 and that the British national was known for numerous financial crimes and possession of narcotics. The latter also used an alias.

On 25 January 2008 CTIF-CFI reported this file to the judicial authorities because of serious indications of laundering the proceeds of illicit trafficking in narcotics as referred to in the law.

On 14 May 2008 the British national was arrested and incarcerated in Antwerp. Various documents, flash drives, GBP 395 and EUR 50.000 were seized at the individual's house in Brasschaat and the company's head office in Antwerp.

The documents referred to alleged business activities in Belgium, Cyprus and Ireland. These documents and flash drives were examined and pointed to links between the British national and other individuals in Ireland and the United Kingdom, who apparently invested in real estate projects in Cyprus with the British national as intermediary. It was also found that the British national's Cypriot bank account was used to pay advances. Following searches in the land registry the examining magistrate were able to seize three buildings worth EUR 1.600.000. The examining magistrate also seized a vehicle belonging to the British national's girlfriend.

Letters rogatory were sent to Ireland and Cyprus. It became clear that the British national was sentenced to six years' imprisonment in 1987 for drug offences and four years' imprisonment for handling stolen goods. In addition EUR 385.000 was seized on a Cypriot bank account.

In September 2009 the correctional court of Antwerp sentenced the individual to an effective prison sentence of four years and confiscated the three buildings in Antwerp and Brasschaat. All other seized assets, including the cash and the sum of EUR 385.000 from Cyprus were confiscated. His girlfriend was sentenced to an effective prison sentence of twelve months and EUR 12.500 was confiscated. These sentences and confiscations were confirmed on appeal and by the Belgian Court of Cassation.

**Case 2:** Underground banking – organised crime – illegal assets worth over EUR 80 million seized

Between November 2000 and June 2010 CTIF-CFI reported suspicious transactions to the judicial authorities. A Belgian national and nationals of the European country E carried out transactions using Belgian accounts of numerous companies in country E. These were cash deposits and transfers with counterparties from country E followed by transfers to several counterparties in Asia. CTIF-CFI reported this file to the judicial authorities because of links to financial crime.

In 2006 the Belgian federal police seized some EUR 350.000 during a “cash watch operation” (before the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency came into force) found on a passenger travelling to the Far East. Documents found on the individual enabled to establish a link with one of the nationals of country E.

A number of banks received production orders and the investigators linked this information to CTIF-CFI's reported file.

Several searches of premises were carried out, international letter rogatory executed and statements taken. The main suspects were questioned and some were remanded in custody. The transactions of this organisation were mapped, it became clear that it used various front men and held bank accounts in dozens of countries.

After having completed all obligations, statements, searches, findings and executions of letters rogatory the investigators held information leading to suspect this was a criminal organisation set up by this European national.

Various methods were used. This organisation mainly wanted to set up companies using front men and then open bank accounts in name of these companies all over the world. These accounts were then used to receive various transfers. In the end money was transferred to Asia using these accounts. The customer(s) had to pay a commission of 3 to 5% of the transferred amount for this service.

The counterparties / customers of this criminal organisation were:

- ordinary fraudsters wanting to save some money out of sight of the tax authorities;
- the owners of the companies in country E (country of origin of the main suspect) who felt they were paying too much tax on the income generated by their activities;
- importers of products from Asia who felt they were paying too much customs duties, too much VAT on imported goods and too much tax on the proceeds of the sale of these goods;
- fraudsters who used advertising inserts and who needed a bank account number, this number was then given to the victims of this fraud who paid money into this account;
- criminals who wanted to dispose of the proceeds of their burglary;
- dealers in high-value goods wanting to sell goods of suspicious origin.

As well as fraud victims in general.

The individuals used “underground banking” to launder money of illicit origin using compensation.

The money launderer directly receives an amount in cash from his customer (an importer in Asia) to pay the concealed part of an imported container in Asia.

Depositing cash on an account of the company owned by him would seem suspicious. So the money launderer tries to find a company (established in his “customer’s” country) in need of cash. In return for this cash the company transfers the same amount to the launderer’s account. The transaction is accounted for with a fake invoice added to the accounts to make the transaction seem legitimate.

The launderer now has money in the Belgian account of the company owned by him. The last step of the compensation is to send the amount handed over by the importer to Asia. After deducting his commission he transfers money from the company owned by him to the account in Asia indicated by the Asian importer who originally gave him the money.



In this case several individuals were charged as author or co-author of money laundering and over EUR 83 million was seized on various bank accounts.

#### 4. JURISPRUDENCE OF COURTS AND TRIBUNALS

It should be noted that this analysis of courts and tribunals only reflects a limited number of decisions of courts and tribunals related to CTIF-CFI's activities. This analysis can therefore not be viewed as a scientific study. All of the decisions communicated to CTIF-CFI refer to money laundering, none refer to terrorism or proliferation financing. Only the final decisions in files that CTIF-CFI reported because of serious indications of money laundering are discussed, regardless of whether these indications were taken into account by the judge.

In most cases both money laundering and the predicate offence were taken into account. These decisions are discussed first, followed by some decisions on money laundering.

##### *Files where money laundering and the predicate offence were taken into account*

Several decisions link criminal association with various other offences. Criminal association is only taken into consideration in the most serious cases.

One example is a decision of the Correctional Court of Gent<sup>28</sup> regarding a file CTIF-CFI had reported to the Public Prosecutor's Office. The court held the predicate offence fraud and money laundering proven. The court took these offences and criminal organisation into consideration.

International transfers were carried out, immediately followed by cash withdrawals.

This led to an interesting debate between the judges and the Public Prosecutor's Office. The latter was of the opinion that everything received on the suspects' accounts were proceeds of fraud and was laundered. The judges had a different opinion. Only the amounts proven to be stem from fraud were considered to be proceeds of crime.

Yet the court held the opinion that since the suspects allowed their account to be used and withdrew the money in cash they had to know that they contributed to concealing illegal funds and were also aware of the illicit origin.

With respect to illicit trafficking in goods and merchandise as mentioned in Article 5 § 3 of the Law of 11 January 1993 we were informed of a judgment pronounced in 2010 by the Court of Appeal of Antwerp<sup>29</sup>. The case involved illicit trafficking in diamonds, so-called "blood diamonds". CTIF-CFI reported international transfers to the judicial authorities because of serious indications of money laundering.

EU Regulations prohibit the sale of diamonds from certain African countries. The court found that the suspects had violated these provisions. The dealers in diamonds used various methods to conceal the origin of the diamonds. First they paid part of the transactions in cash or via a numbered account in Switzerland or other countries or through a company, of which the individuals held 49%. They also transported the goods through countries where diamond trade was legal so the origin of the diamonds could be concealed (in this case the country where the diamond was exploited). Forgery was also proven given that counterfeit documents for customs were used). Severe penalties were imposed (up to an effective prison sentence of six years) and over USD 50 million was confiscated.

In a case of human trafficking and exploitation of prostitution the court of first instance of Leuven<sup>30</sup> imposed severe penalties on several suspects (prison sentence of one to five years and fines up to EUR 55.000). This case involved an Asian network in human trafficking and exploitation of prostitution with consent of customs in the country of origin. Girls and transsexuals were brought to Belgium with fake documents. Allegedly to pay off their debts to the organisation that had brought them to Belgium

<sup>28</sup> Correctional Court Gent, 14 November 2011, unpublished.

<sup>29</sup> Antwerpen, 17 February 2010, unpublished.

<sup>30</sup> Correctional Court Leuven, 22 November 2011, unpublished.

they had to work in “massage parlours” and provide sexual services for men. After Belgium these people were sent to the United Kingdom with a forged passport or fictitious partnership contract. CTIF-CFI found that one of the suspects sent money from the United Kingdom to Belgium in a foreign exchange office in Belgium. The money was laundered through these transactions. However small, this sum was a valuable indication that CTIF-CFI could add to the judicial file.

In another case the Correctional Court of Brugge<sup>31</sup> held the offences prostitution and human trafficking to be proven. The suspects ran various massage parlours that were used as brothels employing young Asian girls with fake documents. CTIF-CFI reported numerous cash deposits to the judicial authorities, confirming exploitation of prostitution. The police also knew of these facts. Nevertheless the court did not take the money laundering offence into account.

We were also informed of several judgments where the suspects were not only sentenced for the main predicate offence but also for violations of the Income Tax Code and/or VAT Code.

The afore-mentioned judgment of the Court of Appeal of Antwerp<sup>32</sup> regarding illicit trade in diamonds the Income Tax Code is clearly breached (Articles 305 and 310 and 449). The origin of the purchased stones is concealed and only partly declared to customs, so no direct tax was paid for the undeclared part of the trade.

The Correctional Court of Gent<sup>33</sup> ruled in a case where the manager set up a cash company. This manager deliberately removed all corporate assets, then allegedly transferred it to a second suspect in return for cash deposits on the manager’s account, the company was then declared bankrupt. Given the size and unusual nature of the deposits CTIF-CFI believed there were serious indications these transactions were carried out to the detriment of the bankrupt company. The court confirmed these suspicions and sentenced the former manager to a one-year effective prison sentence, a EUR 13.750 fine (indexed amount), a five-year professional ban and civil damages of EUR 150.000.

A decision of the Correctional Court of Brugge<sup>34</sup> in 2011 regarded a vast VAT carousel in a file reported by CTIF-CFI in 1998. Companies set up by the two suspects traded in lorries. Front men were also involved. The invoicing showed that not all companies complied with VAT requirements (*missing trader*<sup>35</sup>). This was an international network in Germany, the Netherlands and France. Because these were intra-Community deliveries VAT was not due on purchase of goods in Belgium but on the sale of these goods yet this VAT was never paid to the Belgian state. These VAT offences led to money laundering offences. The first suspect had already been convicted, this person and the other suspect were given severe penalties, for this other suspect this was a partially suspended sentence. Some suspects were only declared guilty as the judge found that the reasonable period of time had expired.

The Correctional Court of Gent<sup>36</sup> passed judgment in January 2011 with respect to a case on counterfeiting that CTIF-CFI reported to the judicial authorities. In this file counterfeit clothing, jewellery and accessories were sold, resulting in a sizeable income for the seller. The court confirmed that the identified money remittance transactions to Turkey of some EUR 40.000 were used to purchase goods or invest in Turkey. Despite the suspect’s criminal record for fiscal fraud and forgery the judge only imposed a suspended prison sentence. The civil law penalty was much more severe (almost EUR 90.000 in damages and interests payable to the companies whose goods were counterfeited as well as a contribution of EUR 8.700 for the other party’s legal representation costs).

With respect to fraud the court of Kortrijk<sup>37</sup> convicted the perpetrators and co-perpetrators of a Ponzi fraud. High-return investments were on offer, the invested funds of new investors were used to pay the initial investors until the fraud scheme eventually collapsed. CTIF-CFI reported these facts to the Public Prosecutor’s Office because of illicit public appeal for savings and the judge held these proven. The perpetrator was sentenced to a two-year effective prison sentence, a fine was imposed, over EUR

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<sup>31</sup> Correctional Court Brugge, 22 June 2011, unpublished.

<sup>32</sup> Antwerpen, 17 February 2010, unpublished.

<sup>33</sup> Correctional Court Gent, 12 January 2011, unpublished.

<sup>34</sup> Correctional Court Brugge, 8 July 2011, unpublished.

<sup>35</sup> Cf. [glossary](#)

<sup>36</sup> Correctional Court Gent, 12 January 2011, unpublished.

<sup>37</sup> Correctional Court Kortrijk, 12 May 2009, unpublished.



450.000 was confiscated and he was banned from the profession for ten years. The co-author was sentenced to a six-month effective prison sentence; a fine of EUR 2.750 was imposed, EUR 5.000 was confiscated and a professional ban was imposed for five years.

The court in Gent<sup>38</sup> ruled in a case related to fraudulent bankruptcy where the company's survival was an objective in itself even though the company was virtually bankrupt. CTIF-CFI reported the facts related to illicit trafficking in goods and merchandise. The suspects wanted to 1) sell a property, 2) pay private expenses with corporate assets, 3) use the VAT number for a car dealer's. Misappropriation of corporate assets was also held proven. The main suspect was a repeat offender and he was sentenced to a one-year prison sentence, a fine of over EUR 4.000 was imposed and he was banned from the profession for five years.

#### *Files where only money laundering was taken into account*

CTIF-CFI was also informed of some cases where only money laundering was taken into account.

In 2011 the criminal court of Antwerpen<sup>39</sup> sentenced a suspect carrying out suspicious transactions in a file reported for fraudulent bankruptcy. A few days prior to the company's bankruptcy the suspect sold a property owned by the company and subsequently withdrew a large part of the proceeds in cash. Even though the court did not take the predicate offence into account the suspect was sentenced to a suspended prison sentence and fines, some EUR 650.000 was also confiscated.

Two judgments of the court of Gent were based on the fact that the declared earnings were simply insufficient to carry out the financial transactions.

In a first case of the criminal court of Gent<sup>40</sup> in June 2011 the individual was checked at the border carrying EUR 18.000 in cash<sup>41</sup>. The properties owned by the individual and his family did not correspond to the declared income. The judge did not hold this offence proven, money laundering was held proven. Based on the tax declarations of previous years the judge found that the officially declared earnings were completely insufficient to purchase the properties owned by the suspects. It was therefore found that part of the income was unlawfully obtained and the money laundering was proven.

The correctional court of Gent<sup>42</sup> ruled in another case on money laundering reported by CTIF-CFI. The suspects sent large amounts of cash (nearly EUR 190.000) to Colombia and these transactions did not correspond to the suspects' official income. Even though CTIF-CFI reported this file because of serious indications of exploitation of prostitution this offence was not taken into account. The judge mentioned in his conclusion that, in accordance with firm jurisprudence of the Court of Cassation<sup>43</sup>, "It is not required to know the predicate offence. It suffices to exclude any legal origin based on the facts and the knowledge (of the illegal origin of the funds) by the accused is proven".

Another decision<sup>44</sup> is important because various forms of money laundering are involved (Article 505, subparagraph 1, 2°, 3° or 4 of the Penal Code) according to each suspect's role in the case. Stolen securities are at the basis of this case, though not stolen by the suspects. CTIF-CFI was aware of this case and reported this file to the Public Prosecutor's Office because of serious indications of money laundering related to fraud. Securities that had been frozen were collected and cash was withdrawn. The court only found that the suspects knew or were to know about the fraudulent nature of these securities. Each suspect was aware of this situation. Effective prison sentences up to six months were imposed, as well as criminal fines, professional bans and confiscations.

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<sup>38</sup> Correctional Court Gent, 21 November 2011, unpublished.

<sup>39</sup> Correctional Court Antwerpen, 9 March 2011, unpublished.

<sup>40</sup> Correctional Court Gent, 20 June 2011, unpublished.

<sup>41</sup> In accordance with the Royal Decree of 5 October 2006 on supervisory measures for the physical cross-border transportation of currency CTIF-CFI receives a copy of the declarations of transportation of currency from Customs and Excise pursuant this decree or of the reports in case no declaration was made. CTIF-CFI considers these to be disclosures.

<sup>42</sup> Correctional Court Gent, 20 June 2011, unpublished.

<sup>43</sup> Court of Cassation 25 September 2001, 22 October 2003 and 9 May 2006.

<sup>44</sup> Correctional Court Brussels, 10 November 2011, unpublished.

In case of doubt about the origin of funds suspects may also be acquitted. This was the case in a ruling by the court of Brugge<sup>45</sup>. CTIF-CFI reported this file to the Public Prosecutor's Office because of indications of money laundering related to hormone trafficking. The judge referred to our information but found insufficient proof for the facts regarding hormone trafficking and the origin of funds used to conclude a life insurance policy with single premium of over EUR 900.000 in cash. This insurance policy was surrendered over a period of three years in fourteen payments. The judge held that doubts remained and acquitted the suspects. No appeal was lodged.

In an acquittal by the court of Gent<sup>46</sup> the judge cited case law of the Court of Cassation (judgments of 25 September 2001 and 22 October 2003) yet in favour of the suspects. According to this case law any legal origin of financial advantages must be excluded. In this case there was insufficient proof of fiscal fraud or illicit trafficking in human beings, there was no firm evidence. Even though, as indicated in CTIF-CFI's reported file related to illicit trafficking in narcotics some transactions were suspicious for some transactions there was insufficient firm evidence. Consequently the judge was not convinced these transactions were illicit and acquitted the suspects.

We can conclude from the examined judgments courts show caution in recognizing a money laundering offence. When the offence is considered proven this results in effective prison sentences, fines and substantial confiscations.

CTIF-CFI's report is the result of a detailed analysis that often takes several months to complete. This report is always thoroughly examined by judges and sometimes included in the decision in full.

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<sup>45</sup> Correctional Court Brugge, 5 October 2011, unpublished.

<sup>46</sup> Correctional Court Gent, 21 November 2011, unpublished.





## IV. OTHER ACTIVITIES

### 1. NEW FATF RECOMMENDATIONS

Over a period of two years intense discussions took place between members and observers of the FATF<sup>47</sup> and two private sector consultative forums<sup>48</sup> for the revision of the FATF forty recommendations on money laundering and the nine special recommendations on terrorist financing. This revision was finalised and adopted during the FATF plenary meeting in Paris in February 2012.

The recommendations were revised to take on new threats and take into account the experience of FATF members when applying the recommendations previously revised in 2003.

The forty recommendations and nine special recommendations of the FATF were combined. Since the revision of the recommendations in 2003 the international community is more aware of terrorist financing. It is now generally accepted that the means to combat money laundering go together with those to combat terrorist financing. This distinction had become unnatural and sometimes confusing. According to the FATF this was an appropriate time to combine the standards into one comprehensive structure.

Even though the FATF are minimum standards for measures combating money laundering, terrorist financing and since 2008 also proliferation financing of weapons of mass destruction, the FATF standards are comprehensive and fundamental. The FATF standards are implemented in more than 180 countries and have a broad scope. They encompass a wide range of measures that countries need to implement.

The main changes to the recommendations are:

- financial sanctions should be implemented consistently when requested by the UN Security Council to combat proliferation financing of weapons of mass destruction;
- transparency should be enhanced to avoid that criminals and terrorists can conceal their identity and assets by using legal persons or legal constructions;
- enhanced requirements for politically exposed persons;
- extending predicate offences to tax crimes;
- risk-based approach is enhanced so countries and the private sector can use resources more effectively by focussing on high-risk sectors;
- more effective international cooperation, especially for exchanging information between competent authorities, joint investigations, and detecting, freezing and confiscating illicit assets.
- Improved operational resources and a broader range of techniques and powers for FIUs and judicial authorities for investigation and prosecution of money laundering and terrorist financing.

The new FATF recommendations are the basis for countries to jointly combat money laundering, terrorist financing and proliferation. The FATF requests all countries to implement these new measures at national level as quickly as possible given that the fourth round of mutual evaluations will commence at the end of 2013. Belgium will be evaluated at the FATF plenary meeting of February 2015.

An overview of the most important changes to the FATF recommendations is available on CTIF-CFI's website – [www.ctif-cfi.be](http://www.ctif-cfi.be).

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<sup>47</sup> The FATF develops international standards for combating money laundering, terrorist financing and recently proliferation financing. The FATF is an international organisation of 36 members, through the FATF-style regional bodies (FSRBs) over 180 countries are involved. All members and all FSRBs were involved in this revision. For the revision of the FATF recommendations the private sector and civil society were also consulted. There was a public consultation and a continual dialogue with the private sector consultative forum. More information on the FATF and the FATF recommendations is available at [www.fatf-gafi.org](http://www.fatf-gafi.org).

<sup>48</sup> During this revision the FATF published two documents about the public consultation (October 2010 and June 2011) and organised two consultative forums for the private sector in November 2010 and December 2011. The private sector was consulted case by case for specific technical matters ([http://www.fatf-gafi.org/document/28/0,3746,en\\_32250379\\_32236920\\_46266908\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/28/0,3746,en_32250379_32236920_46266908_1_1_1_1,00.html)).

## 2. EGMONT GROUP

The Egmont Group aims to develop an international network of financial intelligence units and enhance information exchange and communication between FIUs. The Egmont Group currently has 127 members.

The Egmont Group ensures that members have the necessary national legislation in place to enable, in addition to effective information exchange, to effectively prosecute serious predicate offences of money laundering and terrorist financing. Terrorist financing as a criminal offence in the national legislation is a basic requirement to become a member of the Egmont Group.

Since 2010 the Egmont Group has been chaired by Mr. Boudewijn Verhelst, Advocate General at the Court of Appeal of Gent and Deputy Director of CTIF-CFI. He was re-elected for a two-year period in July 2011.

The Egmont Group meets several times a year and holds an annual plenary meeting. During the Egmont Group's nineteenth plenary meeting in Yerevan, Armenia (11-15 July 2011) the FIUs of Azerbaijan, Kazakhstan, Mali, Morocco, Solomon Islands and Samoa were accepted as new members<sup>49</sup>.

Training sessions were organised on best practices for information exchange (best practices Egmont Secure Web), new payment methods, cross-border transfers, new IT trends and AML/CFT legislation for money remitters. Various presentations emphasized the importance of cooperation with other international organisations such as the UNODC, the World Bank, the IMF, the Basel Institute on Governance, the Organisation for Security and Cooperation in Europe, the FATF and the FATF-style regional bodies (FSRBs).

In 2011 CTIF-CFI contributed to a project of the Operational Working Group examining the impact of tax crimes as a predicate offence of money laundering for FIUs and how an FIU can contribute to combat laundering the proceeds of social fraud.

## 3. INTERNATIONAL COOPERATION

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

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

The operational cooperation with foreign FIUs is usually based on written agreements between different FIUs (MOU or Memorandum of Understanding). In 2011 three new MOUs were signed (Burkina Faso, Democratic Republic of the Congo and Tunisia). 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 be stressed though that information is always exchanged in a secure way. The exchanged information may never be used without prior consent of the FIU providing the information and permission may only be granted on the basis of reciprocity.

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

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<sup>49</sup> The list of all 127 members of the Egmont Group is available on the Egmont Group's website <http://www.egmontgroup.org/>.





who fell prey to fraud in the country of that FIU or warnings<sup>50</sup> for particular fraud schemes. CTIF-CFI also considers this exchange of information as spontaneous information exchange.

### *3.1. Breakdown of the requests for information received from foreign FIUs in 2011*

	<b>MOU</b>	<b>2011</b>
Luxembourg	22/04/1999	159
France	01/02/1994	80
United Kingdom	24/05/1996	23
Netherlands	29/06/1995	18
Spain	16/12/1996	14
Slovakia	06/06/2000	11
Russia	12/12/2002	8
Switzerland	16/07/1999	8
Jersey	14/07/2000	6
Romania	27/11/2000	6
Germany	19/12/2000	5
Guernsey	27/09/2000	5
Tunisia	05/05/2011	5
Isle of Man		4
Lithuania	18/10/1999	4
Montenegro		4
United States	08/07/1994	4
Argentina	24/06/2004	3
Democratic Republic of the Congo	27/09/2011	3
Kazakhstan		3
Portugal	05/03/1999	3
Turkey	16/05/2003	3
British Virgin Islands	02/02/2001	2
Croatia	25/01/1999	2
Cyprus	09/10/1998	2
Finland	29/10/1998	2
Israel	28/06/2002	2
Italy	15/05/1998	2
Malta	23/01/2003	2
United Arab Emirates	26/05/2009	2
Venezuela	06/08/2003	2
Albania		1
Bahrain		1
Brazil	23/07/1999	1
Curaçao <sup>(2)</sup>	07/06/2002	1
Czech Republic	17/11/1997	1
Denmark	30/03/1998	1
Egypt		1
Gibraltar	17/10/2000	1
Greece	08/10/1999	1
Hungary	18/01/2000	1
Macedonia	21/10/2008	1
Madagascar		1
Mauritius	14/11/2005	1
Moldova	07/12/2007	1
Monaco	20/10/2000	1
Morocco	26/08/2010	1
Norway	07/06/1995	1

<sup>50</sup> Warnings or information on money laundering techniques are published on CTIF-CFI's website or its annual report. In 2011 CTIF-CFI posted warnings on its website regarding Money laundering by using savings and loan associations and "Sidi Salem" fraud

Poland	21/03/2002	1
San Marino	06/04/2010	1
Saudi Arabia		1
Senegal	21/11/2005	1
Singapore	07/09/2001	1
Thailand	24/04/2002	1
<b>TOTAL</b>		<b>420</b>

(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.

(2) The Netherlands Antilles ceased to exist on 10 October 2010. Curaçao and Sint Maarten became independent countries within the Kingdom of the Netherlands. Bonaire, St Eustatius and Saba became special municipalities of the Netherlands. <http://www.government.nl/issues/caribbean-parts-of-the-kingdom>

### *3.2. Breakdown of the requests for information sent to foreign FIUs in 2011*

In 2011 CTIF-CFI sent 1.376 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. In September 2011 CTIF-CFI signed a memorandum of understanding (MOU) with the Democratic Republic of the Congo and sent 13 requests to this FIU. Requests are often sent to FIUs of other countries because nationals of these countries reside in Belgium.

	<b>MOU</b>	<b>2011</b>
France	01/02/1994	204
Netherlands	29/06/1995	190
United Kingdom	24/05/1996	82
Luxembourg	22/04/1999	68
Germany	19/12/2000	64
Russia	12/12/2002	43
Spain	16/12/1996	42
Morocco	26/08/2010	42
Italy	15/05/1998	38
Turkey	16/05/2003	37
United States	08/07/1994	36
Switzerland	16/07/1999	33
Portugal	05/03/1999	29
Cyprus	09/10/1998	23
China	05/11/2008	21
Hong Kong	21/12/1998	20
British Virgin Islands	02/02/2001	19
United Arab Emirates	26/05/2009	18
Poland	21/03/2002	18
Israel	28/06/2002	15
Bulgaria	02/03/1999	14
Democratic Republic of the Congo	27/09/2011	13
Ukraine	19/09/2003	12
Albania		11
Jersey	14/07/2000	11
Senegal	21/11/2005	11
Canada	02/01/2003	10
Curaçao	07/06/2002	10
Romania	27/11/2000	9
Thailand	24/04/2002	9
Greece	08/10/1999	8



Lebanon	10/09/2002	8
Malta	23/01/2003	8
Benin	15/10/2010	7
Egypt		7
Latvia	27/07/1999	7
Slovakia	06/06/2000	7
Sweden	22/03/1996	7
Tunisia	05/05/2011	7
Algeria	27/04/2010	6
Austria	17/10/2000	6
Cayman Islands		6
India		6
Monaco	20/10/2000	6
Panama	03/05/2001	6
Singapore	07/09/2001	6
Australia	23/06/1997	5
Burkina Faso	11/03/2011	5
Czech Republic	17/11/1997	5
Ireland	17/10/2000	5
Japan	27/06/2003	5
South Africa	29/07/2003	5
Belize		4
Denmark	30/03/1998	4
Finland	29/10/1998	4
Guernsey	27/09/2000	4
Isle of Man		4
Lithuania	18/10/1999	4
Andorra	10/07/2002	3
Belarus		3
Bosnia and Herzegovina		3
Brazil	23/07/1999	3
Cameroon		3
Hungary	18/01/2000	3
Liechtenstein	15/03/2002	3
Nigeria		3
Norway	07/06/1995	3
Bahamas	30/11/2001	2
Marshall Islands		2
Paraguay		2
Philippines	31/01/2012	2
Saudi Arabia		2
Serbia	20/02/2004	2
Slovenia	23/06/1997	2
Sri Lanka	16/06/2010	2
Togo	12/08/2010	2
Venezuela	06/08/2003	2
Argentina	24/06/2004	1
Armenia		1
Aruba	14/06/2004	1
Costa Rica		1
Croatia	25/01/1999	1
Gibraltar	17/10/2000	1
Indonesia	01/02/2005	1
Kazakhstan		1
Kyrgyzstan		1
Malaysia		1
Moldova	07/12/2007	1
New Zealand		1

Qatar		1
Syria		1
Taiwan		1
<b>Total</b>		<b>1.376</b>

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.

In 2011 CTIF-CFI took part in a strategic project of FIU.NET. It is part of a joint strategic analysis and aimed at mapping international financial flows detected by EU FIUs. Better insight into suspicious financial flows entering, leaving or circulating in Europe can reveal new trends and patterns that FIUs cannot detect using individual strategic analysis.

### *3.3. Technical assistance*

CTIF-CFI also organised training sessions in Belgium and abroad for magistrates, representatives of financial and non-financial professionals and representatives from foreign FIUs.

CTIF-CFI provided assistance for training and welcomed delegations from Morocco, the Democratic Republic of the Congo, Burkina Faso, Algeria and Mali in 2011.

A member of CTIF-CFI contributed to the mutual evaluation of the Principality of Andorra and Vatican City, carried out by Moneyval (*Council of Europe - Committee of Experts on the evaluation of Anti-Money Laundering Measures*).

## 4. MAGISTRATES' TRAINING

CTIF-CFI also participated in training sessions of magistrates of the Belgium's Public Prosecutor's Offices. It welcomed various judicial trainees as part of their external training.



## GLOSSARY

This glossary contains the various terms used in the annual report 2011.

**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 law<sup>51</sup>.

**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 at a certain moment.

**File:** compilation of all disclosures from one or more disclosing entities 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 in order to identify 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 customer<sup>52</sup>:

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

<sup>51</sup> Cf. art. 2, art. 3 and art. 4 of the Law of 11 January 1993 – [www.ctif-ctif-cfi.be](http://www.ctif-ctif-cfi.be) – Legal provisions – Belgian legislation

<sup>52</sup> Cf. Glossary FATF 40 Recommendations – [www.fatf-gafi.org](http://www.fatf-gafi.org)

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

**FIU:** Administrative, judicial, policy or hybrid authority responsible for receiving, analyzing and disseminating disclosures from institutions and persons subject to the AML/CFT law<sup>53</sup>.

**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 two working days starting from the time of notification should CTIF-CFI deem such action necessary due to the seriousness or urgency of the matter<sup>54</sup>.

**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 capital 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:** various forms of money laundering that are generally divided into stages: 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 exchange offices, even though this has now been extended to other sectors.

**Network:** simultaneous reporting of various files to the judicial authorities as the transactions involved have the same characteristics and indicate that they are probably carried out by order of a criminal organisation or a criminal network.

**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 professions<sup>55</sup>:

- 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

<sup>53</sup> Cf. art. 22 of the Law of 11 January 1993 – [www.ctif-ctif-cfi.be](http://www.ctif-ctif-cfi.be) – Legal provisions – Belgian legislation

<sup>54</sup> Cf. Law of 11 January 1993, art. 23, § 2 – [www.ctif-ctif-cfi.be](http://www.ctif-ctif-cfi.be) – Legal provisions - Belgian legislation

<sup>55</sup> Cf. Glossary FATF 40 Recommendations – [www.fatf-gafi.org](http://www.fatf-gafi.org)



for government agencies, who may already be subject to measures that would combat money laundering.

f) Trust and Company Service Providers refers to all persons or businesses that are not covered elsewhere under these Recommendations, and which as a business, provide any of the following services to third parties:

- acting as a formation agent of legal persons;
- acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons;
- providing a registered office; business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement;
- acting as (or arranging for another person to act as) a trustee of an express trust;
- acting as (or arranging for another person to act as) a nominee shareholder for another person.

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

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

**Placement:** all the ways through which funds that are direct 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 official<sup>56</sup>.

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

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

**Reported amount:** cumulative account of suspicious transactions identified in files reported to the competent Public Prosecutor's Office.

**Reported file:** one or several related disclosures where CTIF-CFI's analysis points to serious indications of money laundering or terrorist financing and is therefore reported to the competent Public Prosecutor's Office.

**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.

**Supervisory authority:** (semi) public authority responsible for supervising or checking institutions or persons referred to in AML/CFT law<sup>57</sup>.

**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 of the past year.

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<sup>56</sup> Cf. Glossary FATF 40 Recommendations – [www.fatf-gafi.org](http://www.fatf-gafi.org) and art. 12 § 3 of the Law of 11 January 1993 – [www.ctif-ctif-cfi.be](http://www.ctif-ctif-cfi.be) – Legal provisions – Belgian legislation

<sup>57</sup> Cf. art. 38 and 39 of the Law of 11 January 1993 – [www.ctif-ctif-cfi.be](http://www.ctif-ctif-cfi.be) – Legal provisions – Belgian legislation

**Warning signal:** feature related to the nature 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 require a thorough analysis and potentially need to be disclosed to the FIU.





## ACRONYMS

**AML/CFT:** anti-money laundering - combating financing of terrorism

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

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

**FIU:** Financial Intelligence Unit

**FSRB:** The FATF Style Regional Bodies (FSRBs) are: the Asia/Pacific Group on Money Laundering (APG), the Council of Europe Committee of Experts on the evaluation of Anti-Money Laundering Measures (MONEYVAL), the *Grupo de Acción Financiera de Sudamérica* (GAFISUD), the Middle East and North Africa Financial Action Task Force (MENAFATF), the Caribbean Financial Action Task Force (CFATF), the Eurasian Group (EAG), the *Groupe intergouvernemental d'action contre le blanchiment en Afrique de l'Ouest* (GIABA) and the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG).

**GIFCS:** Group of International Finance Centre Supervisors (formerly the Offshore Group of Banking Supervisors OGBS)

**IMF:** International Monetary Fund

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

**ML/TF:** money laundering / terrorist financing

**MOU:** Memorandum of Understanding

**OLAF:** European Anti-Fraud Office



BELGIAN FINANCIAL INTELLIGENCE PROCESSING UNIT

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