



Belgian Financial Intelligence Processing Unit

21st Annual Report
2014

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I. PREFACE BY THE DIRECTOR

The Belgian Financial Intelligence Processing Unit has been operating for 21 years now, and time and again we find that the number of disclosures CTIF-CFI receives from disclosing entities subject to the AML/CFT [Anti-Money Laundering / counter-terrorist financing] Law (Law of 11 January 1993) is on the rise.

Yet in 2014, there was an exceptionally sharp increase of 21% of the number of disclosures compared to 2013. This amounts to 12% more than the increase identified in 2013 in comparison with 2012.

This increase is the result of closer cooperation with credit institutions (+ 1.300 disclosures), the National Bank of Belgium (+ 516 disclosures), the postal service *bpost* (+ 300 disclosures), notaries (+ 400 disclosures) and payment institutions (+ 1.000 disclosures).

CTIF-CFI also received more notifications from the Federal Public Service Finance, mainly as a result of the number of disclosures received following the fiscal regularisation procedure that was applicable from July to 31 December 2013.

The number of new files opened by CTIF-CFI, which included all disclosures received in 2014, amounted to 6.978, compared to 5.063 in 2013 and 4.002 in 2012, i.e. an annual increase of 37 % and 25% respectively.

On 31 December 2014, 4.530 files, based on a subjective suspicion, were still being processed. 65% of these files were less than six months old and 40% were less than three months old. The time required to process these files mainly depends on the very complex nature of some files, often involving international elements.

Since 2012 the percentage of files closed by CTIF-CFI has ranged between 55 and 60%.

CTIF-CFI adapted its methods to cope with this sharp increase in the number of disclosures, while ensuring it remained equally effective when processing files related to laundering the proceeds of serious offences, terrorist financing and proliferation.

In 2014, a total of 1.131 new files were reported to the judicial authorities, which is in the order of the results of 2013 (1.168 new files reported to the judicial authorities). The same holds for the amounts involved in the new files reported to the judicial authorities: EUR 786,05 million, compared to EUR 796,79 million in 2013.

In 2014, CTIF-CFI reported a total amount of EUR 1.687,23 million to the judicial authorities, when adding the new files to the additional files linked to previously reported files.

Contrary to what some had predicted when the Law of 11 January 1993 was amended by replacing the term “serious and organised fiscal fraud” by “serious fiscal fraud, whether organised or not” in the list of predicate offences, CTIF-CFI’s work was not undermined by this change (*cf. Prof. Maus in “Trends” of 14 August 2014, pages 38 and 39: I can assure you that CTIF-CFI will be screaming blue murder soon because it cannot process the files.*)¹

¹ The Constitutional Court has now dismissed the two appeals lodged against the Law of 15 July 2013 amending the Law of 11 January 1993 with regard to the term serious fiscal fraud, whether organised or not (cf. Chapter VI, section 1).

The trends related to these predicate offences identified by CTIF-CFI in recent years also feature in this report, in terms of the number of files, the laundered amounts, or both.

It remains alarming that offences in the financial and economic sphere still make up the largest part of the money laundering activities detected and reported to the judicial authorities in 2014.

Firstly, in terms of the number of files reported to the judicial authorities, these offences were serious fiscal fraud, organised crime, illicit trafficking in goods and merchandise, misappropriation of corporate assets, fraudulent bankruptcy, embezzlement and corruption, breach of trust and fraud, and featured in 833 out of 1.131 files.

Secondly, in terms of amounts, the offences serious fiscal fraud (EUR 344,61 million) and organised crime (EUR 42,40 million) alone accounted for half of the amount reported to the judicial authorities (387,01 out of a total of EUR 786,05 million). The other offences mentioned accounted for EUR 301,36 million, of which EUR 107,71 million for cross-border offences such as Internet fraud.

Not only the financial and economic sectors are threatened by the integration of dirty money from criminal activities or by an increased criminalisation of these sectors. The social fabric is also increasingly exposed to excesses brought to light at international, European and national level as a result of **trafficking in human beings, including sexual and economic exploitation of illegal workers.** In 2014, 161 files, for a total amount of EUR 74,23 million, were reported to the judicial authorities.

These days the exploitation of inequality is no longer only exposed by means of bare figures of a financial intelligence unit (FIU) such as CTIF-CFI. They can take on different forms, such as illegal labour subcontractors, who create unfair competition by invading specific industries. The situation of women, children and men who can rely on nothing else but their status of illegal immigrant and who are the victim of criminal and unscrupulous organisations and smugglers, and who meet their death at the borders of our constitutional states, is all the more poignant.

Now that we finally agree that something needs to be done, the omnipresence of dirty money in society is becoming ever more unbearable.

Minister of State and Member of the European Parliament Mr Louis MICHEL found the appropriate words during a debate on “blood minerals” at the European Parliament in Strasbourg on 19 May 2015 – also beyond conflicts in Africa– to describe the basis of what sustains the various forms of financial crime and money laundering by bringing up “*a debate that will disrupt all these negative forces fuelling conflicts aimed at profit, greed, and plain and scandalous enrichment*”.

Yet international bodies should not merely point out the “disturbing” nature of “all these negative forces”. They should be combated effectively, as part of the prevention and prosecution of criminal money, terrorist financing and proliferation.

Our national regime not only needs to comply with the international, European and national standards, it is also imperative that **money laundering, terrorist financing and proliferation is combated effectively.** This need is even greater now that the risk of international terrorist financing appears to be structurally linked to laundering the proceeds of various types of trafficking, organised by pseudo-states such as IS.

Belgium is one of the first European countries to have had its **effectiveness** of combating these issues evaluated by the Financial Action Task Force or FATF (Anti-money laundering and counter-terrorist financing measures – Mutual Evaluation Report – April 2015 – <http://www.fatf-gafi.org>).

We would like to mention just one of the evaluation report's key findings. This conclusion should result in creating a genuine wish among all parties involved to use all resources, and create every opportunity to do away with the disruptive effect of a criminal economy: **“Belgium conducts a large part of its AML/CFT activities and initiatives on the basis of risk. An overall AML/CFT approach still needs to be put together, based on prioritising risks and allocating resources (for example in the judicial area...)”**.

Jean-Claude DELEPIERE

II. COMPOSITION OF CTIF-CFI²

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

² Situation on 31 December 2014.

III. STATISTICS

1. KEY FIGURES

1.1. Number of disclosures

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

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

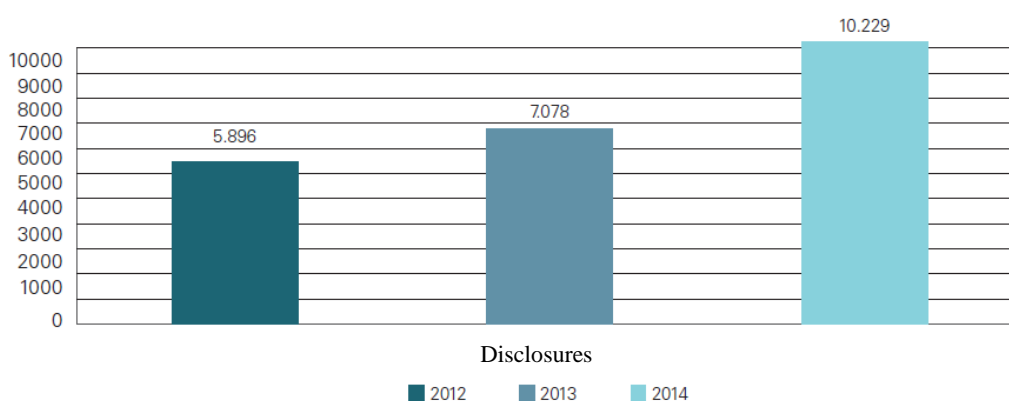
These include disclosures from the Customs and Excise Administration (cross-border transportation of currency), casinos³, notaries⁴ and real estate agents⁵. These disclosing entities⁽¹⁾ are required to inform CTIF-CFI of objective facts, even if they do not have any suspicions. Some disclosures of payment institutions or currency exchange offices are also part of this category.

The number of disclosures remained fairly stable from 2009 to 2011, this number rose sharply between 2012 and 2014.

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

	2012	2013	2014
Number of subjective disclosures	5.896	7.078	10.229
Number of objective disclosures	15.104	15.888	17.538
Total	21.000	22.966	27.767

⁽¹⁾ Cf. glossary.



³ In accordance with the indicators of the Royal Decree of 6 May 1999 implementing Article 26, § 2, second subparagraph, of the Law of 11 January 1993.

⁴ In accordance with Article 20 of the Law of 11 January 1993.

⁵ In accordance with Article 20 of the Law of 11 January 1993.

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

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

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

The disclosures received in 2014 were grouped into 6.978 files.

In this period, CTIF-CFI reported 1.131 files to the judicial authorities due to serious indications of money laundering or terrorist financing.

	2012	2013	2014
Number of new files opened because of suspicions of money laundering or terrorist financing	4.002	5.063	6.978
Number of files reported to the judicial authorities ⁽¹⁾	1.506	1.168	1.131
Amounts ^{(2) (4)} in the files reported to the judicial authorities	2.254,91	796,79	786,05
Number of disclosures reported to the judicial authorities ⁽³⁾	5.454	5.061	5.183
Amounts ⁽²⁾ in disclosures reported to the judicial authorities ^{(3) (4)}	2.540,96	1.179,76	1.687,23

⁽¹⁾ Cf. glossary.

⁽²⁾ Amounts in million EUR.

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

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

1.3. Number of freezing orders

In 2014, CTIF-CFI used its power to oppose execution of a transaction on 19 occasions. CTIF-CFI temporarily froze assets worth EUR 8,71 million.

In other files, without a freezing order, CTIF-CFI informed the Central Office for Seizure and Confiscation that large amounts could still be seized, enabling the judicial seizure of EUR 53,08 million (cf. 4.10).

	2012	2013	2014
Number of freezing orders ⁽¹⁾	36	25	19
Total amount of freezing orders ⁽²⁾	11,81	12,34	8,71

⁽¹⁾ Cf. glossary.

⁽²⁾ Amounts in million EUR.

2. SOURCE OF NOTIFICATIONS SENT TO CTIF-CFI

2.1. Number of disclosures received from disclosing entities

	2012	2013	2014	% 2014
Currency exchange offices and agents acting as payment institutions (money remittance) ⁽¹⁾	11.716	11.657	12.504	45,03
Credit institutions	4.768	5.690	6.955	25,05
Postal Service – <i>bpost</i>	800	1.085	1.392	5,01
Notaries	587	967	1.373	4,94
Casinos ⁽²⁾	916	919	1.110	4,00
National Bank of Belgium	80	46	516	1,86
External accountants, external tax advisors, external licensed accountants, external licensed tax specialists-accountants	99	139	133	0,48
Life insurance companies	84	196	129	0,46
Real estate agents	22	67	72	0,26
Companies for consumer credit	1	22	71	0,26
Company auditors	23	48	68	0,24
Bailiffs	4	8	27	0,10
Stock broking firms	20	22	19	0,07
Insurance intermediaries	10	18	9	0,03
Mortgage companies	17	12	7	0,03
Lawyers	10	9	7	0,03
Management companies of collective investment undertakings	5	20	6	0,02
Payment institutions managing credit cards ⁽³⁾	7	6	4	0,01
Dealers in diamonds	1	1	2	0,01
Branch offices of management companies of collective investment undertakings in the EEA	1	0	1	-
Branch offices of investment companies in the EEA	1	0	1	-
Intermediaries in banking and investment services	2	5	0	-
Security firms	1	2	0	-
Clearing institutions	1	1	0	-
Lease-financing companies	1	0	0	-
Portfolio management and investment advice companies	1	0	0	-
Branch offices of management companies of collective investment undertakings outside the EEA	0	0	0	-

	2012	2013	2014	% 2014
Collective investment undertakings	0	0	0	-
Public Trustee Office	0	0	0	-
Branch offices of investment companies outside the EEA	0	0	0	-
Market operators	0	0	0	-

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

(2) The 1.110 disclosures in 2014 refer to 1.301 transactions and a total amount of EUR 25,08 million. Criterion 3 of the Royal Decree of 6 May 1999 (introducing indicators for casinos) is the most common criterion with 1.278 transactions for a total amount of EUR 24,87 million.

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

2.2. Number of requests for information received from FIU counterparts⁶

	2012	2013	2014	% 2014
FIU counterparts ⁽¹⁾⁽²⁾	464	536	424	1,53

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

(2) Cf. glossary.

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

	2012	2013	2014	% 2014
Customs and Excise ⁽¹⁾	1.308	1.404	1.480	5,33
Federal Public Service Finance ⁽²⁾⁽⁴⁾	13	34	1.420	5,11
Federal Public Service Economy ⁽²⁾	12	22	8	0,03
Trustees in a bankruptcy ⁽²⁾	0	7	7	0,03
Other administrative services ⁽²⁾	1	1	2	0,01
Coordination Organ for Threat Analysis (OCAM-OCAD) ⁽²⁾	-	-	2	-
Federal Public Service Health ⁽²⁾	-	-	1	-
State Security Department ⁽²⁾	5	9	0	-
Federal Public Prosecutor's Office ⁽³⁾	0	0	0	-
European Anti-Fraud Office of the European Commission (OLAF) ⁽³⁾	0	0	0	-

(1) In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 26 January 2014 on supervisory measures for the physical cross-border transportation of currency.

(2) Since the Law of 29 March 2012 amending the Law of 11 January 1993 came into force.

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

(4) In 2014 this included the certificates issued in 2014 by the point of contact regularisations of the Federal Public Service Finance in accordance with the law on fiscal regularisation that came into force on 15 July 2013.

⁶ Cf. glossary.

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

	2012	2013	2014	% 2014
Supervisory authorities ^{(1) (2)}	19	13	16	0,06

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

⁽²⁾ Cf. glossary.

GRAND TOTAL (2.1 – 2.4)	21.000	22.966	27.767	100
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Comments on the figures in sections 2.1. to 2.4.

The increase in the number of disclosures identified at the end of 2013 continued in 2014. CTIF-CFI received an additional 5000 disclosures in 2014.

The rise in the number of disclosures resulted from closer cooperation with credit institutions (+ 1.300 disclosures), the National Bank of Belgium (+ 516 disclosures), the postal service *bpost* (+ 300 disclosures), notaries (+ 400 disclosures) and payment institutions (+ 1000 disclosures).

The number of disclosures received from Federal Public Service Finance increased significantly in 2014 (+ 1.400 disclosures). The substantial increase in the number of notifications mainly resulted from the regularisation procedure introduced by the government between 15 July and 31 December 2013.

The regularisation legislation adopted by Parliament in 2013 states that the Ruling Commission (Federal Public Service Finance), point of contact regularisations, always sends CTIF-CFI a copy of the regularisation certificates.

Based on these certificates, CTIF-CFI needs to check whether the regularised funds are proceeds of serious and organised fiscal fraud. The aim was to ensure that the fiscal regularisation procedure was not used to launder proceeds of other serious offences. The regularised funds could be the proceeds of other serious offences referred to in the Law of 11 January 1993, but not fiscal fraud. Those submitting a regularisation could also try to use the regularisation procedure to illegally repatriate non-regularised funds.



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

<i>Financial professions</i> ⁽¹⁾	2012	2013	2014	discl. pers. / inst.
Credit institutions	65	72	66	104
Currency exchange offices, payment institutions and institutions for electronic money	17	14	18	53
Life insurance companies	13	11	16	30
Stock broking firms	6	6	8	32
Companies for consumer credit	1	5	6	85
Payment institutions issuing or managing credit cards	2	5	3	18
Mortgage companies	4	5	3	108
Management companies of collective investment undertakings	1	1	2	12
Insurance intermediaries	3	3	2	9.529
Postal Service – <i>bpost</i>	1	1	1	1
National Bank of Belgium	1	1	1	1
Branch offices of management companies of collective investment undertakings in the EEA ⁽²⁾	1	0	1	8
Branch offices of investment companies in the EEA	1	0	1	12
Intermediaries in banking and investment services	1	1	0	15
Clearing institutions ⁽²⁾	1	1	0	1
Lease-financing companies	1	0	0	116
Portfolio management and investment advice companies	1	0	0	20
Public Trustee Office	0	0	0	1
Branch offices of investment companies outside the EEA	0	0	0	0
Market operators	0	0	0	1
Branch offices of management companies of collective investment undertakings outside the EEA ⁽²⁾	0	0	0	3
Collective investment undertakings	0	0	0	53
Total	120	126	128	

⁽¹⁾ Cf. glossary.

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



<i>Non-financial professions</i> ⁽¹⁾	2012	2013	2014	discl. pers. / inst.
Notaries	224	312	376	1.172
Accounting and tax professions	39	67	82	10.416
Real estate agents	9	39	40	8.800
Company auditors	11	19	22	1.050
Bailiffs	3	6	11	550
Casinos	9	9	9	9
Lawyers	7	5	4	16.344
Dealers in diamonds	1	1	1	1.800
Security companies	1	1	0	8
Total	304	459	545	

⁽¹⁾ Cf. glossary.

2.6. Geographical breakdown of notifications

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

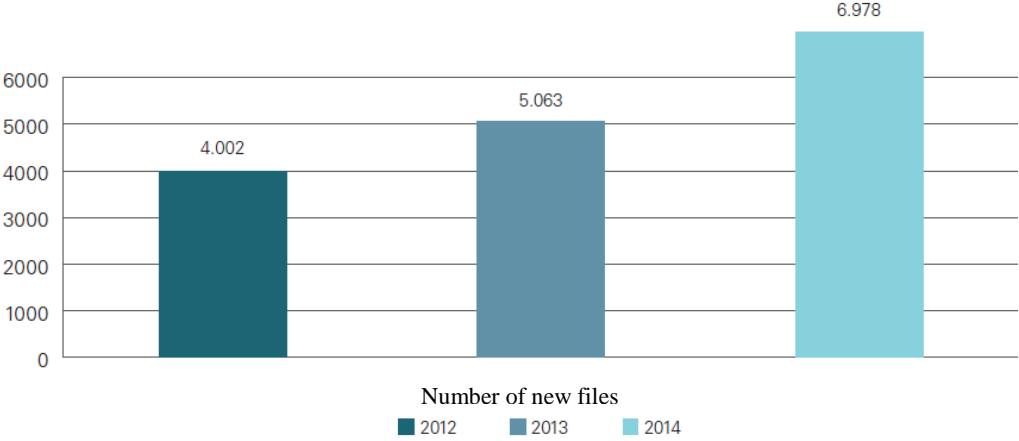
Judicial district	2012	2013	2014	% 2014
Brussels – Halle-Vilvoorde	10.382	11.601	14.562	53,45
Antwerpen	3.641	3.693	4.178	15,33
Antwerpen	3.339	3.353	3.698	13,57
Turnhout	161	188	273	1,00
Mechelen	141	152	207	0,76
Oost-Vlaanderen	1.228	1.357	1.847	6,78
Gent	905	946	1.242	4,56
Dendermonde	277	310	468	1,72
Oudenaarde	46	101	137	0,5
West-Vlaanderen	1.201	1.296	1.457	5,35
Brugge	826	769	823	3,02
Kortrijk	314	439	531	1,95
Veurne	33	45	54	0,20
Ieper	28	43	49	0,18
Hainaut	1.067	1.314	1.423	5,22
Charleroi	606	739	842	3,09
Mons	336	427	422	1,55
Tournai	125	148	159	0,58
Liège	1.245	1.189	1.411	5,18
Liège	931	902	1.059	3,89
Verviers	284	219	267	0,98
Huy	30	68	85	0,31
Limburg	725	805	962	3,54
Hasselt	410	430	568	2,09
Tongeren	315	375	394	1,45
Namur	304	351	422	1,55
Namur	256	287	333	1,22
Dinant	48	64	89	0,33
Leuven	204	224	402	1,48
Brabant Wallon	235	266	348	1,28
Luxembourg	66	105	165	0,60
Arlon	38	52	85	0,31
Neufchâteau	16	35	54	0,20
Marche-en-Famenne	12	18	26	0,09
Eupen	27	44	65	0,24
Total	20.325	22.245	27.242	100

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

3. FILES

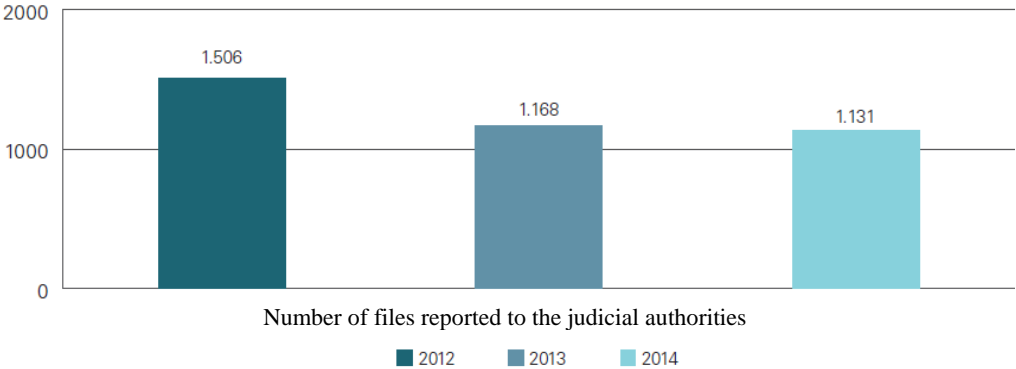
3.1. Evolution of the number of new files by period

After a first analysis of the disclosures received, 6,978 new files were opened in 2014. This a sharp increase (37%) compared to 2013.



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

In 2014, 1,131 files were reported to the judicial authorities after CTIF-CFI’s analysis revealed serious indications of money laundering or terrorist financing as defined in the Law of 11 January 1993. The reported files refer to files opened in 2014 as well as in previous years.



A detailed analysis by predicate offence can be found on page 32.



3.3. Evolution of the number of closed files

Between 1 January 2014 and 31 December 2014, CTIF-CFI closed 3.790 files (opened on the basis of a suspicion of money laundering or terrorist financing) due to the lack of serious indications of money laundering or terrorist financing as defined by the Law of 11 January 1993. Even though this may seem to be a significant increase of closed files, the number of closed files follows the same upward trend as the number of those received.

Number of closed files ⁽¹⁾	
2012	2.317
2013	2.967
2014	3.790

⁽¹⁾ Cf. glossary.



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

3.4. Evolution of the number of open files

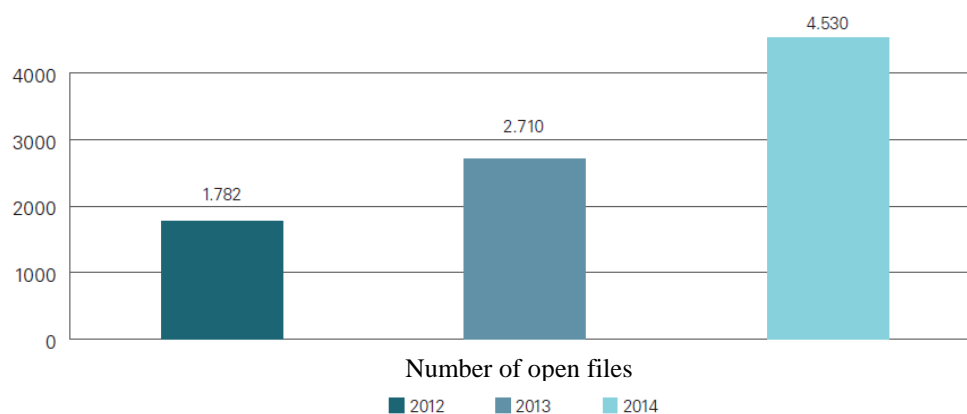
On 31 December 2014, 4.530 files based on a disclosure, which were opened in 2014 and in previous years, were still being processed.

Almost two thirds (or 65%) of the 4.530 files still being processed on 31 December 2014 were less than six months old, 40% were less than three months old. In other words, more than one in three files still being processed on 31 December 2014 was opened in the last three months of 2014.

Only 227 out of the files still being processed on 31 December 2014 were more than eighteen months old. The complexity and international nature of the arrangements and methods used in these files explain why these 227 files were still being processed after eighteen months.

Number of open files ⁽¹⁾	
on 31 December 2012	1.782
on 31 December 2013	2.710
on 31 December 2014	4.530

⁽¹⁾ Cf. glossary.

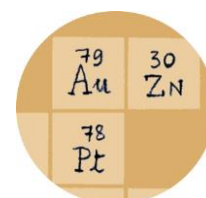


3.5. Breakdown of files by type of main transaction

Transactions ⁽¹⁾	2012	2013	2014	% 2014
Fiscal regularisation	-	-	1.390	20,86
International transfers	639	884	1.304	19,57
Withdrawals	703	948	966	14,50
Deposits into account	677	834	884	13,27
Domestic transfers	362	515	637	9,56
Money remittance	448	319	265	3,98
Credits	92	79	127	1,91
Real estate	52	58	90	1,35
Securities	40	65	79	1,19
Cheques	73	56	56	0,84
Physical cross-border transportation of currency ⁽²⁾	5	2	6	0,08
Casino transactions	11	13	1	0,01
Other	624	913	859	12,88
Total	3.726	4.686	6.664	100

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

⁽²⁾ In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 26 January 2014 on supervisory measures for the physical cross-border transportation of currency.



2014



- 21% Fiscal regularisation
- 20% International transfers
- 14% Withdrawals
- 13% Deposits into account
- 10% Domestic transfers
- 4% Money remittance
- 2% Credits
- 1% Real estate
- 1% Securities
- 1% Cheques
- - Cross-border transportation of currency
- - Casino transactions
- 12,88% Other



4. FILES REPORTED TO THE JUDICIAL AUTHORITIES

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

In 2014, CTIF-CFI reported 1.131 new files to the judicial authorities for a total amount of EUR 786,05 million.

If after reporting⁷ a file CTIF-CFI receives new disclosures (additional disclosures⁸) on transactions that relate to the same case and there are still indications of money laundering or terrorist financing, CTIF-CFI will report these new suspicious transactions in an additional file.

In 2014, CTIF-CFI reported a total of 5.183 disclosures (new files and additional reported files) to the judicial authorities for a total amount of EUR 1.687,23 million.

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

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

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

	2012	2013	2014	% 2014
Credit institutions	934	733	760	67,20
Currency exchange offices and agents of payment institutions	241	159	145	12,82
Postal Service – <i>bpost</i>	207	160	144	12,73
FIU counterparts	52	47	19	1,68
Notaries	14	7	11	0,97
Casinos	11	13	5	0,44
Customs	5	2	4	0,35
Other	42	47	43	3,81
Total	1.506	1.168	1.131	100

⁷ Cf. glossary.

⁸ Cf. glossary.

2014



- 67% Credit institutions
- 13% Currency exchange offices
- 13% Postal Service – *bpost*
- 2% FIU counterparts
- 1% Notaries
- - Casinos
- - Customs
- 4% Other

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

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

	2012	2013	2014	% 2014
Credit institutions	1.910,00	450,66	657,39	83,63
Company auditors	30,56	-	35,16	4,47
Notaries	19,62	6,03	22,55	2,87
Currency exchange offices and agents of payment institutions	42,93	21,89	17,06	2,17
Federal Public Service Finance	0,18	85,47	15,17	1,93
Postal Service – <i>bpost</i>	17,55	12,89	10,35	1,32
FIU counterparts	219,17	178,13	9,72	1,24
Life insurance companies	2,14	1,86	5,68	0,72
Customs	1,68	13,72	3,62	0,46
Accounting and tax professions	5,38	17,40	2,85	0,36
Casinos	3,80	2,33	0,32	0,04
Other	1,90	6,41	6,18	0,79
Total	2.254,91	796,79	786,05	100

⁽¹⁾ Amounts in million EUR

Breakdown of the disclosures reported to the judicial authorities in 2012, 2013 and 2014

	2012		2013		2014	
	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾
Credit institutions	1.993	2.133,59	1.948	759,92	1.895	1.422,62
Currency exchange offices	2.745	48,80	2.238	54,71	2.679	139,05
Company auditors	5	32,90	2	0,39	4	35,19
FIU counterparts	109	258,06	109	201,93	82	32,80
Notaries	52	22,83	40	7,20	34	23,74
Postal Service – <i>bpost</i>	340	22,93	270	18,50	266	12,78
Life insurance companies	23	2,92	13	3,77	14	6,69
Customs	44	2,34	19	14,24	39	4,01
Accounting and tax professions	25	6,86	45	17,54	21	3,54
Casinos	57	5,29	321	3,72	74	3,46
Federal Public Service Finance	1	0,18	5	86,36	12	0,43
National Bank of Belgium	21	0,63	12	1,06	7	0,20
Other	61	4,44	39	10,42	56	2,72
Total	5.454	2.540,96	5.061	1.179,76	5.183	1.687,23

⁽¹⁾ Amounts in million EUR.

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

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

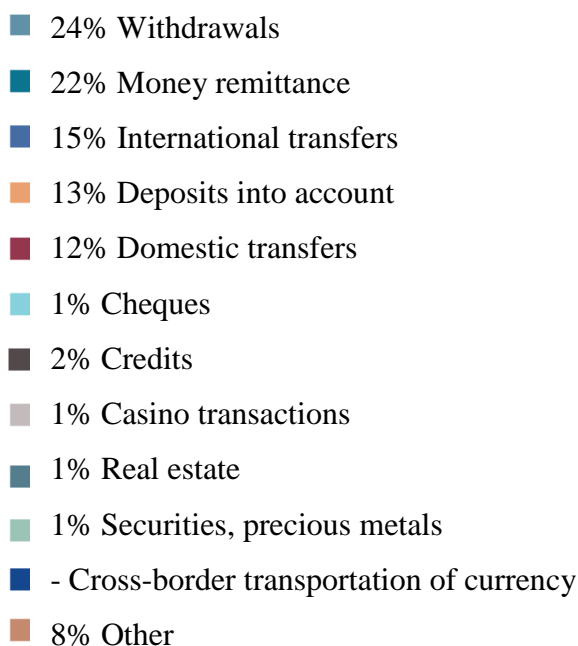
Main transactions in files reported to the judicial authorities – Evolution in the past 3 years⁽¹⁾

Type of transactions	2012	2013	2014	% 2014
Withdrawals	324	292	269	24,19
Money remittance	369	278	243	21,85
International transfers	207	139	164	14,75
Deposits into account	184	137	146	13,13
Domestic transfers	137	134	138	12,41
Credits	32	17	21	1,89
Cheques	27	12	15	1,35
Real estate	16	9	11	0,99
Casino transactions	11	13	5	0,45
Securities, precious metals	14	4	5	0,45
Physical cross-border transportation of currency ⁽²⁾	5	1	4	0,36
Other	128	85	91	8,18
Total	1.454	1.121	1.112	100

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

⁽²⁾ In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 26 January 2014 on supervisory measures for the physical cross-border transportation of currency.

2014



Breakdown of files reported to the judicial authorities in 2012, 2013 and 2014 by type of transaction⁽¹⁾

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

Type of transactions	2012		2013		2014	
	Number	Amount ⁽²⁾	Number	Amount ⁽²⁾	Number	Amount ⁽²⁾
International transfers	451	485,33	471	305,36	411	561,89
Withdrawals	601	134,29	629	213,80	633	223,50
Domestic transfers	299	117,38	293	104,42	360	115,91
Money remittance	2.744	37,05	2.240	59,25	2.724	26,70
Deposits into account	315	108,83	311	58,41	305	79,36
Credits	98	18,12	75	20,37	48	7,22
Cheques	51	19,49	32	19,00	34	18,81
Real estate	53	23,07	39	7,75	28	5,13
Casino transactions	57	5,29	320	3,72	74	3,46
Physical cross-border transportation of currency ⁽³⁾	44	2,34	19	0,57	39	4,01
Securities	16	1,37	10	0,45	18	18,94
Withdrawals / sale of precious metals	8	984,66	-	-	7	0,99
Other	608	345,68	513	184,73	420	588,51
Total	5.345	2.282,9	4.952	977,84	5101	1.654,43

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

⁽²⁾ Amounts in million EUR.

⁽³⁾ In accordance with Directive (EC) nr. 1889/2005 of 26 October 2005 and the Royal Decree of 26 January 2014 on supervisory measures for the physical cross-border transportation of currency.

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

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

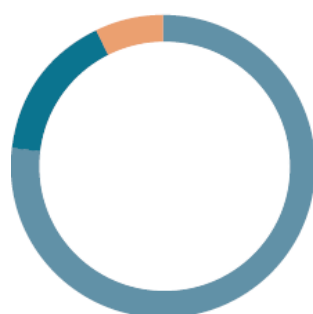
Over the years, CTIF-CFI has found that money launderers limit placement transactions in countries with effective money laundering prevention (such as Belgium), and carry out layering and integration transactions. The figures for 2014 below confirm this finding, even though the number of files related to placement increased.

	Number of reported files				Reported amounts ⁽¹⁾			
	2013	% 2013	2014	% 2014	2013	% 2013	2014	% 2014
Placement ⁽²⁾	154	13,18	182	16,09	69,05	8,67	55,32	7,04
Layering ⁽²⁾	905	77,48	873	77,19	574,70	72,13	669,20	85,13
Integration ⁽²⁾	108	9,25	75	6,63	152,84	19,18	61,38	7,81
Money laundering attempt	1	0,09	1	0,09	0,20	0,02	0,15	0,02
Total	1.168	100	1.131	100	796,79	100	786,05	100

⁽¹⁾ Amounts in million EUR.

⁽²⁾ Cf. glossary.

Number 2014



- 77% Layering
- 16% Placement
- 7% Integration

Amount 2014



- 85% Layering
- 7% Placement
- 8% Integration

⁹ Cf. glossary.

¹⁰ Cf. glossary.

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

Predicate offence	2012	2013	2014	% 2014
Fraud	426	320	278	24,58
Misappropriation of corporate assets	170	165	227	20,07
Fraudulent bankruptcy	194	134	105	9,28
Serious (and organised) fiscal fraud, whether organised or not ⁽¹⁾	59	52	84	7,43
Illicit trafficking in narcotics	118	88	80	7,07
Trafficking in illegal labour	86	83	78	6,90
Illicit trafficking in arms, goods and merchandise	164	116	61	5,39
Exploitation of prostitution	36	41	54	4,77
Organised crime	87	44	44	3,89
Terrorism and terrorist financing, including proliferation financing	20	25	37	3,27
Trafficking in human beings	54	37	29	2,56
Breach of trust	31	21	22	1,95
Embezzlement and corruption	15	9	12	1,06
Theft or extortion	32	19	12	1,06
Other	14	14	8	0,72
Total	1.506	1.168	1.131	100

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

2014



- 25% Fraud
- 20% Misappropriation of corporate assets
- 9% Fraudulent bankruptcy
- 7% Serious (and organised) fiscal fraud, whether organised or not
- 7% Illicit trafficking in narcotics
- 7% Trafficking in illegal labour
- 5% Illicit trafficking in goods
- 5% Exploitation of prostitution
- 4% Organised crime
- 3% Terrorism and terrorist financing
- 3% Trafficking in human beings
- 2% Breach of trust
- 1% Embezzlement and corruption
- 1% Theft or extortion
- 1% Other

In 2014, fraud, misappropriation of corporate assets and fraudulent bankruptcy were the most common predicate offences in the files reported to the judicial authorities. These three offences alone accounted for more than half of the reported files.

Fraud

Even though the number of reported files related to laundering the proceeds of fraud continued to fall in 2014, it remained an important and alarming issue for several reasons. Transactions involving “hacking” and “phishing” were still common, however, in 2014 CTIF-CFI found that the amounts of this type of fraud were on the rise and that criminals are becoming ever more professional (cf. 2.4). When looking at the amounts reported to the judicial authorities, fraud comes in second place, with a total amount of EUR 107 million or nearly 14% of the total amount CTIF-CFI reported to the judicial authorities in 2014 (EUR 786,05 million).

Serious fiscal fraud

There is also a sharp increase (of more than 50%) in the number of files reported to the judicial authorities related to serious fiscal fraud, whether organised or not (84 files in 2014 compared to 52 in 2013 and 59 in 2012). This increase in the number of files is primarily a result of the new, broader and less restrictive definition of fiscal fraud that was introduced. It should also be noted that an article in the law on fiscal regularisation adopted in 2013 requires the Ruling Commission (Federal Public Service Finance), point of contact regularisations, to send CTIF-CFI a copy of all regularisation certificates issued for all regularisation requests submitted between 15 July 2013 and 31 December 2013. In 2014, nearly 1.350 new files were opened and analysed by CTIF-CFI after a regularisation certificate had been issued. Some of these files were reported to the judicial authorities. When CTIF-CFI finds that a regularisation was submitted to conceal money laundering transactions that are not related to regularised fiscal fraud, CTIF-CFI is required to inform the Public Prosecutor’s Office.

Exploitation of human beings

Events in recent months involving illegal migration flows, including those between the African continent and Italy, confirm that human trafficking remains a very appealing and lucrative activity for its organisers. Exploitation of human beings, of any type, is still an important and distressing issue, reflected in CTIF-CFI’s statistics.

Exploitation of human beings can relate to three predicate offences, stated in Article 5 of the Law of 11 January 1993 on preventing use of the financial system for purposes of money laundering and terrorist financing: trafficking in human beings, trafficking in illegal labour and exploitation of prostitution. In 2014, 161 files and a total laundered amount of nearly EUR 75 million were reported to the judicial authorities related to trafficking in illegal labour (78 files), exploitation of prostitution (54 files) and trafficking in human beings (29 files).

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

Evolution in the past 3 years⁽¹⁾

Predicate offence	2012	2013	2014	% 2014
Serious (and organised) fiscal fraud, whether organised or not ⁽²⁾	190,25	424,57	344,61	43,84
Fraud	429,35	29,44	107,71	13,70
Misappropriation of corporate assets	55,99	93,50	77,03	9,80
Illicit trafficking in arms, goods and merchandise	264,38	41,56	52,30	6,65
Trafficking in illegal labour	45,31	51,41	48,35	6,15
Fraudulent bankruptcy	76,69	62,88	46,52	5,92
Organised crime	1.048,60	24,87	42,40	5,39
Trafficking in human beings	16,43	12,99	17,69	2,25
Illicit trafficking in narcotics	12,51	9,45	11,23	1,43
Breach of trust	7,95	6,39	8,90	1,13
Embezzlement and corruption	84,32	6,06	8,90	1,13
Exploitation of prostitution	5,10	6,36	8,19	1,04
Terrorism and terrorist financing, including proliferation financing	1,90	2,57	6,82	0,87
Fraud detrimental to the financial interests of the European Union	1,74	-	3,09	0,39
Theft or extortion	2,69	1,08	1,48	0,19
Other	11,70	23,66	0,83	0,11
Total	2.254,91	796,79	786,05	100

⁽¹⁾ Amounts in million EUR.

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

Breakdown by predicate offence in files reported to judicial authorities in 2012, 2013 and 2014

Predicate offence	2012		2013		2014	
	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾	Number	Amount ⁽¹⁾
Serious (and organised) fiscal fraud, whether organised or not ⁽²⁾	228	276,89	591	557,94	371	562,67
Organised crime	358	1.072,23	349	35,57	442	550,75
Fraud	1.209	437,99	722	68,27	965	125,33
Illicit trafficking in arms, goods and merchandise	734	327,61	536	86,73	404	90,28
Trafficking in illegal labour	468	69,65	504	84,88	487	90,11
Misappropriation of corporate assets	315	72,35	453	134,71	456	86,00
Fraudulent bankruptcy	424	112,19	439	94,86	285	70,28
Illicit trafficking in narcotics	526	19,34	443	13,24	422	25,11
Trafficking in human beings	364	18,88	256	21,69	290	23,60
Embezzlement and corruption	88	91,69	66	19,55	38	17,84
Breach of trust	83	13,32	61	8,81	55	14,40
Exploitation of prostitution	354	7,45	272	8,93	569	10,43
Terrorism and terrorist financing, including proliferation financing	130	4,18	126	7,07	154	9,21
Provision of investment, foreign exchange or fund transfer services without authorisation	15	7,65	15	7,72	13	5,23
Fraud detrimental to the financial interests of the European Union	2	1,74	2	0,91	4	3,11
Theft or extortion	132	2,77	122	2,32	108	1,53
Serious environmental crime	-	-	26	3,57	3	1,05
Other	24	5,03	78	22,99	117	0,29
Total	5.454	2.540,96	5.061	1.179,76	5.183	1.687,23

⁽¹⁾ Amounts in million EUR.

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

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

The table below provides the breakdown by nationality of the main person involved in the files reported to the judicial authorities in 2012, 2013 and 2014.

Nationality	2012	2013	2014	% 2014
Belgian	881	594	607	53,67
French	69	47	59	5,22
Dutch	70	51	47	4,16
Romanian	15	16	39	3,45
Bulgarian	14	15	23	2,03
Portuguese	33	21	22	1,95
Brazilian	21	21	21	1,86
Moroccan	27	18	17	1,50
Turkish	25	30	16	1,41
Albanian	7	9	14	1,24
Congolese (DRC)	29	22	12	1,06
Italian	26	21	12	1,06
British	16	6	11	0,97
Pakistani	7	5	10	0,88
Cameroonian	15	17	10	0,88
Polish	7	5	10	0,88
German	11	9	8	0,71
Nigerian	17	5	6	0,53
Spanish	8	4	6	0,53
Algerian	5	5	4	0,35
Chinese	5	5	4	0,35
Hungarian	-	1	4	0,35
Russian	19	11	4	0,35
Syrian	2	-	4	0,35
Other	177	230	161	14,26
Total	1.506	1.168	1.131	100

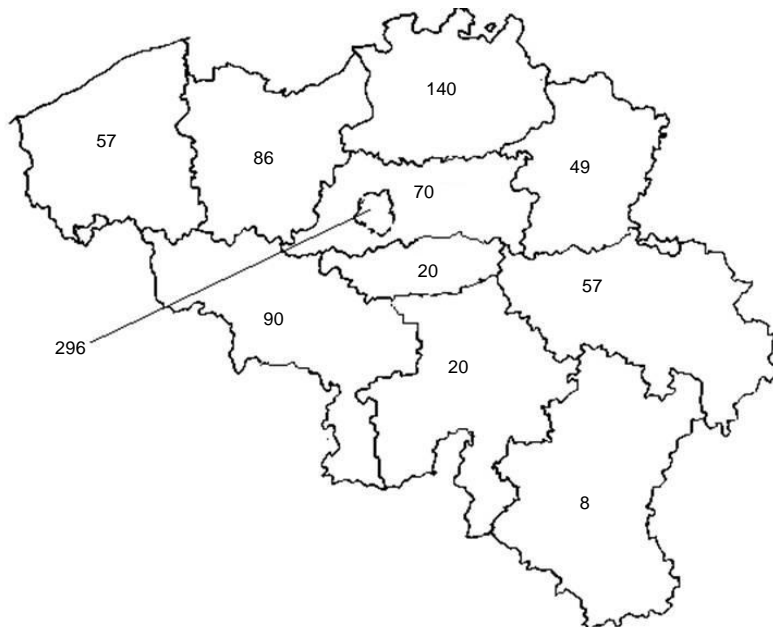
4.8. Breakdown of files reported to the judicial authorities by place of residence of the main person involved

The tables below provide the breakdown by place of residence of the main person involved in the files reported to the judicial authorities in 2014¹¹.

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 893 files reported to the judicial authorities.

	Number of files	%
Brussels	296	33,15
Antwerpen	140	15,68
Hainaut	90	10,08
Oost-Vlaanderen	86	9,63
Vlaams-Brabant	70	7,84
Liège	57	6,38
West-Vlaanderen	57	6,38
Limburg	49	5,49
Brabant Wallon	20	2,24
Namur	20	2,24
Luxembourg	8	0,89
Total	893	100



¹¹ These tables do not include requests from FIU counterparts or Internet transactions.

4.8.2. Residence abroad

The table below presents the breakdown for the 156 files reported to the judicial authorities in 2014 in which the main individual involved resided abroad.

Country of residence	from 1 January until 31 December 2014	%
France	37	23,72
Netherlands	20	12,82
United Kingdom	10	6,41
Romania	9	5,76
Germany	7	4,48
Nigeria	6	3,84
Luxembourg	5	3,20
Spain	4	2,56
United States	4	2,56
Italy	4	2,56
Côte d'Ivoire	4	2,56
Bulgaria	3	1,92
United Arab Emirates	2	1,29
Hungary	2	1,29
Turkey	2	1,29
Israel	2	1,29
Morocco	2	1,29
Malaysia	2	1,29
Albania	2	1,29
Benin	2	1,29
Ghana	2	1,29
Other	25	16,00
Total	156	100

The individuals are mostly Belgian (53,67 %), French and Dutch nationals. Many individuals also originate from Eastern Europe or Africa or are nationals from these areas.

4.9. Breakdown by Public Prosecutor's Office of files reported to the Public Prosecutor between 1 December 2010 and 31 December 2014 and follow-up action by the judicial authorities ¹²

Public Prosecutor's Office	Total	%	Conv. ⁽¹⁾	Ref.	Inv.	Dis.	FJA	Clos	Enq.
Brussels	2.278	35,55	21	10	62	2	21	1.202	960
Antwerpen	1.125	17,56	20	18	35	5	1	543	503
Antwerpen	878	13,7	19	12	29	4	0	441	373
Turnhout	158	2,47	1	5	5	1	1	96	49
Mechelen	89	1,39	0	1	1	0	0	6	81
Oost-Vlaanderen	598	9,32	10	9	19	0	0	217	343
Gent	313	4,88	8	7	6	0	0	130	162
Dendermonde	220	3,43	2	2	12	0	0	56	148
Oudenaarde	65	1,01	0	0	1	0	0	31	33
Hainaut	580	9,05	5	4	22	0	5	97	447
Charleroi	276	4,31	0	1	9	0	2	41	223
Mons	182	2,84	1	0	8	0	0	35	138
Tournai	122	1,9	4	3	5	0	3	21	86
West-Vlaanderen	372	5,80	13	11	15	2	6	133	192
Brugge	181	2,82	4	8	9	1	1	56	102
Kortrijk	138	2,15	5	1	4	1	4	62	61
Veurne	30	0,47	0	1	2	0	1	10	16
Ieper	23	0,36	4	1	0	0	0	5	13
Liège	361	5,63	5	7	25	0	2	130	192
Liège	272	4,24	3	6	22	0	2	101	138
Verviers	57	0,89	1	0	1	0	0	19	36
Huy	32	0,5	1	1	2	0	0	10	18
Limburg	341	5,32	11	7	14	0	0	156	153
Hasselt	189	2,95	6	4	3	0	0	107	69
Tongeren	152	2,37	5	3	11	0	0	49	84
Federal Public Prosecutor's Office	202	3,15	0	3	6	1	2	42	148
Namur	142	2,21	1	2	12	0	0	26	101
Namur	111	1,73	1	1	8	0	0	16	85
Dinant	31	0,48	0	1	4	0	0	10	16
Leuven	133	2,08	1	3	5	0	0	29	95
Brabant Wallon	116	1,81	0	0	1	0	0	18	97
Luxembourg	85	1,35	1	1	5	0	2	12	64
Arlon	46	0,72	0	0	0	0	2	7	37
Neufchâteau	21	0,34	1	0	1	0	0	4	15
Marche-en-Famenne	18	0,29	0	1	4	0	0	1	12
Halle-Vilvoorde	41	0,64	1	0	0	0	0	0	40
Eupen	34	0,53	0	0	1	0	6	5	22
Total	6.408	100	89	75	222	10	45	2.610	3.357

⁽¹⁾ Some of these judgments are not final.

Key:

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

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

In a number of files the judicial authorities decided to reach financial settlements. Since August 2011, 17 comprehensive settlements have been reached involving money laundering as the sole or a related offence. In one file, a settlement of EUR 23 million was reached, as well as agreements on the collection of tax fines.

4.10. Freezing orders CTIF-CFI – judicial seizures

The table below shows the total amounts frozen by CTIF-CFI in 2014, according to the Public Prosecutor’s Office to which the file was reported.

It also provides the breakdown by Public Prosecutor’s Office of amounts seized by the judicial authorities in 2014 in files that CTIF-CFI reported to the judicial authorities as “emergency” files.

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

Public Prosecutor’s Office	Freezing orders CTIF-CFI Total amount 2014⁽¹⁾	Judicial seizures Total amount 2014⁽¹⁾
Brussels	3.649.899,97	49.332.746,26⁽²⁾
Antwerpen	368.002,30	2.082.603,24
Antwerpen	368.002,30	2.082.603,24
Halle-Vilvoorde	857.165,13	856.283,64
Liège	-	290.120,10
Liège	-	290.120,10
Oost-Vlaanderen	45.014,51	265.425,59
Gent	-	220.425,59
Oudenaarde	45.014,51	45.000,00
Limburg	-	201.840,28
Hasselt	-	201.840,28
West-Vlaanderen	27.000,00	27.010,00
Brugge	27.000,00	27.010,00
Leuven	17.588,22	20.000,00
Leuven	17.588,22	20.000,00
Brabant Wallon	3.330.000,00	-
Hainaut	391.956,34	-
Tournai	391.956,34	-
Federal Public Prosecutor’s Office	23.000,00	-
Total	8.709.626,47	53.076.029,11

⁽¹⁾ Amounts in EUR.

⁽²⁾ Cf. Chapter IV – 2.1.3 and 2.4.3.

4.11. Judicial follow-up – fines and confiscations

The table¹³ below shows the amount of fines and confiscations imposed by courts and tribunals, broken down by Public Prosecutor's Office in files reported to the judicial authorities in the past five years (2010 to 2014) and of which CTIF-CFI was informed. When examining these figures it should be noted that for a large number of files securing evidence may take longer than five years. This is the case for files related to economic and financial crime, which account for more than 50% of the reported files. Moreover, for some decisions an appeal was lodged.

Judicial district	Fines 2010 to 2014 ⁽¹⁾	Confiscations 2010 to 2014 ⁽¹⁾	Total ⁽¹⁾
Brussels	7.807.170,00	60.400.512,00	68.207.682,00
Antwerpen	261.284,00	58.691.417,00	58.952.701,00
Antwerpen	151.159,00	45.299.224,00	45.450.383,00
Turnhout	81.800,00	13.392.193,00	13.473.993,00
Mechelen	28.325,00	-	28.325,00
Hainaut	314.752,00	30.807.429,00	31.122.181,00
Mons	99.702,00	28.928.846,00	29.028.548,00
Tournai	118.250,00	1.664.870,00	1.783.120,00
Charleroi	96.800,00	213.713,00	310.513,00
Oost-Vlaanderen	842.825,00	12.483.852,00	13.326.677,00
Gent	778.975,00	10.239.138,00	11.018.113,00
Dendermonde	58.350,00	2.244.714,00	2.303.064,00
Oudenaarde	5.500,00	-	5.500,00
West-Vlaanderen	117.250,00	10.935.958,00	11.053.208,00
Veurne	5.500,00	529.419,00	534.919,00
Ieper	-	9.575,00	9.575,00
Brugge	106.250,00	10.396.964,00	10.503.214,00
Kortrijk	5.500,00	-	5.500,00
Limburg	706.370,00	6.833.199,00	7.539.569,00
Hasselt	217.800,00	4.033.379,00	4.251.179,00
Tongeren	488.570,00	2.799.820,00	3.288.390,00
Namur	30.425,00	8.828.308,00	8.858.733,00
Namur	2.375,00	8.783.600,00	8.785.975,00
Dinant	28.050,00	44.708,00	72.758,00
Liège	151.300,00	4.792.827,00	4.944.127,00
Liège	145.800,00	4.515.578,00	4.661.378,00
Huy	-	186.749,00	186.749,00
Verviers	5.500,00	90.500,00	96.000,00

¹³ This table was drawn up based on the information and the copies of judgments held by CTIF-CFI on 15 January 2014 and that were spontaneously sent to CTIF-CFI in accordance with Article 33 § 6.

Brabant Wallon	60.982,00	551.991,00	612.973,00
Leuven	214.500,00	205.895,00	420.395,00
Eupen	5.500,00	73.045,00	78.545,00
Luxembourg	22.000,00	-	22.000,00
Marche-en-Famenne	22.000,00	-	22.000,00
Total	10.534.358,00	194.604.433,00	205.138.791,00

⁽¹⁾ Amounts in EUR.

IV. MONEY LAUNDERING AND TERRORIST FINANCING TRENDS

1. Introduction

A number of money laundering and terrorist financing trends were identified on the basis of the operational work of financial analysts and after typological¹⁴ and strategic¹⁵ analysis of the files reported to the judicial authorities in 2014.

For the most relevant predicate offences the description of money laundering and terrorist financing trends includes an overview of specific statistics, illustrated by one or more cases. The financial flows related to terrorist financing are illustrated in a diagram.

New money laundering and terrorist financing techniques or methods were identified in 2014, which are described below. One of the most commonly used techniques was the so-called “compensation technique”.

The compensation can be carried out domestically or internationally. International compensation is more difficult to detect and prosecute as those involved are usually located in different countries, making it more difficult for investigators to comprehend the transactions.

As illustrated in section 2.5.3 below, criminals from completely different industries unite and agree to launder the proceeds of their criminal activities. In these complex files several offences are intermingled and can therefore be classified as organised crime.

The “compensation technique” brings criminals wanting to get rid of cash together with those in need of cash without attracting attention.

CTIF-CFI has faced a significant and alarming issue in recent years, the exploitation of illegal workers in the construction and industrial cleaning industry. Even though some consider these offences to be “social fraud”, we should bear in mind that these offences are only possible because of economic exploitation of migrants and trafficking in human beings. Economic exploitation is often violent and leads to unfair competition in the construction and industrial cleaning industry.

Criminals or fraudsters continually adapt their methods to the preventive measures that are introduced. Over the years, they have made their financial transactions more complex in order to conceal them, as well as concealing their criminal activities and the laundering of the proceeds of crime. The “compensation technique” identified in 2014 is clearly one of the techniques used by those who exploit illegal workers to make cash available for their criminal activities.

Because of the growing use of the Internet, electronic money and electronic payment systems were also used as new money laundering techniques. Section 2.4.3 below describes a significant file related to Internet fraud and money laundering.

¹⁴ Cf. glossary.

¹⁵ Cf. glossary.

2. Specific offences

2.1. Serious fiscal fraud, whether organised or not

2.1.1. Statistics

In 2014, CTIF-CFI reported 84 files to the judicial authorities because of serious indications of laundering the proceeds of serious fiscal fraud, whether organised or not.

	2012	2013	2014	% 2014
Number of files	59	52	84	7,43
Amounts ⁽¹⁾	190,25	424,57	344,61	43,84

⁽¹⁾ Amounts in million EUR

Even though the number of files rose sharply, the total amount related to these files decreased slightly compared to 2013, when a file involving a total amount of EUR 85 million was reported to the judicial authorities.

The amendment in July 2013 (introducing the term “serious fiscal fraud, whether organised or not” when the Law of 11 January 1993 was amended by the Law of 15 July 2013 on urgent fraud prevention measures¹⁶) also partly explains why a larger number of files related to laundering the proceeds of fiscal fraud, whether organised or not, was reported to the judicial authorities. With regard to this amendment, it should be noted that the two appeals lodged against this amendment were recently dismissed by the Constitutional Court (cf. VI Other activities, section 1).

In 2014, CTIF-CFI also reported a dozen files to the judicial authorities related to laundering the proceeds of fiscal fraud to the detriment of one of Belgium’s neighbouring countries, including France. Wealth tax is levied in France, prompting many French taxpayers to leave part of their assets in Belgium to avoid this wealth tax. Yet France is not the only country, Germany and Russia also feature in these files reported to the judicial authorities.

Breakdown by type of fraud in 2014

The number of files related to VAT carousel fraud rose again in 2014. The VAT carousel fraud in these files typically involved companies trading in tobacco and telephone cards, the goods are then sold on the black market (mainly in night shops). Section 2.1.3. below contains a case (case 3) on laundering the proceeds of VAT fraud (telephone cards).

It should be noted that the detected VAT fraud is not always committed to the detriment of the Belgian state. In many cases, the fraudulently obtained VAT is retrieved abroad. The international transfers in Belgium only serve as a justification for the fraudulent VAT transactions.

¹⁶ Belgian Official Gazette *Moniteur Belge* / *Belgisch Staatsblad*, 19 July 2013, especially Articles 2 and 5.

	Number of files		Amounts ⁽¹⁾	
	2014	% 2014	2014	% 2014
Other fiscal fraud	60	71,43	280,78	81,48
VAT fraud	24	28,57	63,83	18,52
Total	84	100	344,61	100

⁽¹⁾ Amounts in million EUR

Breakdown of files reported to the judicial authorities in 2014 involving VAT fraud by type of goods

	Number	Amounts ⁽¹⁾
Tobacco	3	19,82
Telephone cards	7	15,26
Cars and car parts	6	13,18
Computers, hi-fi and video	3	8,72
Food	1	3,07
Other	4	3,78
Total	24	63,83

⁽¹⁾ Amounts in million EUR.

2.1.2. Public Prosecutor's Office

Breakdown of the number of files and the total laundered amount reported in 2014 related to serious fiscal fraud, whether organised or not, by Public Prosecutor's Office

The table below provides the breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported 38 % of the files, also representing the largest laundered amount, to the Public Prosecutor's Office in Brussels.

Judicial district	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Brussels	32	38,10	262,72	76,24
Antwerpen	14	16,66	30,14	8,75
Antwerpen	9	10,71	24,85	7,21
Turnhout	2	2,38	4,1	1,19
Mechelen	3	3,57	1,19	0,35
Oost-Vlaanderen	11	13,09	17,55	5,09
Gent	9	10,71	14,4	4,18
Dendermonde	2	2,38	3,15	0,91
Hainaut	6	7,14	10,61	3,07
Tournai	3	3,57	8,69	2,52
Charleroi	1	1,19	1,49	0,43
Mons	2	2,38	0,43	0,12
Brabant Wallon	3	3,57	5,4	1,57
Eupen	1	1,19	0,71	0,21

West-Vlaanderen	5	5,95	7,33	2,13
Kortrijk	2	2,38	5,57	1,62
Veurne	3	3,57	1,76	0,51
Limburg	4	4,76	4,79	1,39
Hasselt	3	3,57	4	1,16
Tongeren	1	1,19	0,79	0,23
Halle-Vilvoorde	3	3,57	3,23	0,94
Liège	2	2,38	0,88	0,26
Liège	2	2,38	0,88	0,26
Leuven	1	1,19	0,77	0,22
Federal Public Prosecutor's Office	1	1,2	0,12	0,03
Namur	1	1,2	0,36	0,1
Namur	1	1,2	0,36	0,1
Total	84	100	344,61	100

⁽¹⁾ Amounts in million EUR.

2.1.3. Cases

Case 1 – Transit accounts, tax havens, trusts

The Russian nationals Mr X and Mr Y both managed the Angolan company A and were also the company A's economic beneficiaries. The company was said to transport goods by air (aircraft components, medication and foodstuffs) between Russia and Angola.

Mr X and Mr Y also owned company B, established in Cyprus, and trust C, established in the Isle of Man.

Mr X, Mr Y, company A and company B held various bank accounts in Belgium and had steadily accumulated significant assets, including investments.

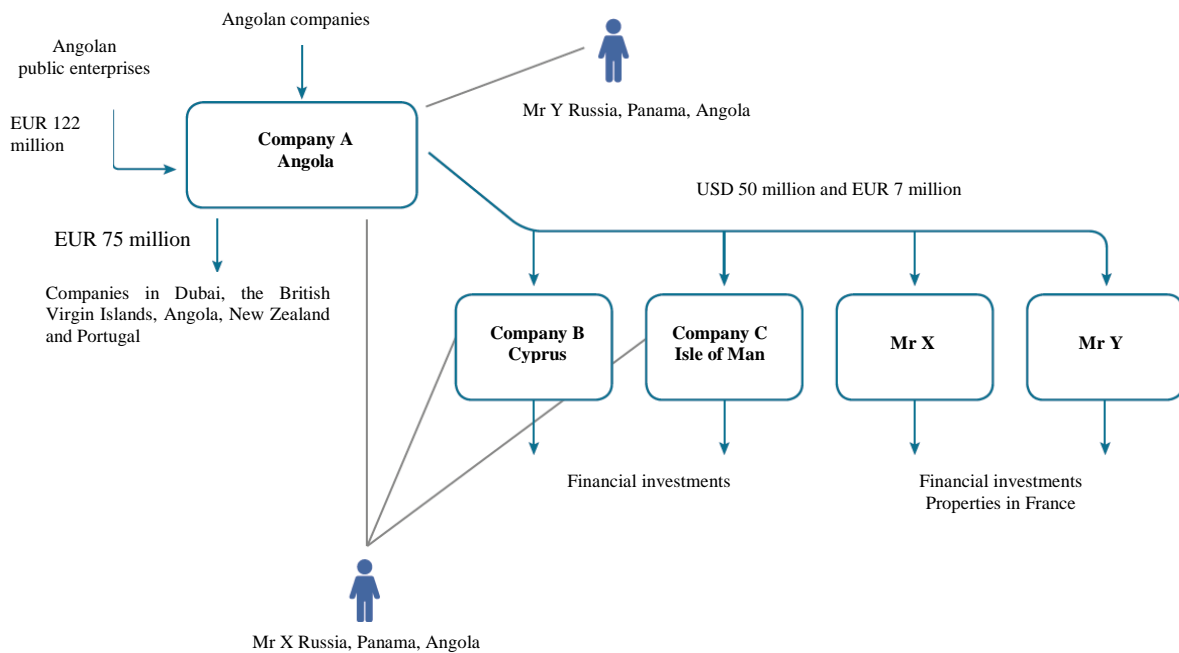
There was no clear economic reason for using accounts in Belgium. Company A's account in Belgium was only used for international transfers.

Between 2008 and 2014, company A's account in Belgium mainly received transfers from Angolan public undertakings and some Angolan private companies for a total amount of nearly EUR 122 million. The funds were subsequently used to carry out international payments to companies established in Dubai, the British Virgin Islands and New Zealand.

Company A's account was not used for any financial transactions that could be linked to potential business activities. Mr X and Mr Y, A's managers, were not related to Belgium in any way that could explain the use of bank accounts in Belgium. They had addresses in Russia, Panama and Angola, but not a single address in Belgium.

In addition to these transactions, company A transferred large amounts (in excess of USD 50 million and nearly EUR 7 million) to the managers' personal accounts, to personal accounts of their relatives or to accounts held by company B or trust C. The money was used for investments or to buy properties in France.

This file was reported to the judicial authorities and the Public Prosecutor's Office in Brussels was able to subsequently seize assets worth EUR 35,8 million (cf. Chapter III, table in section 4.10).



The fact that part of the funds on company A's account was transferred to personal accounts led to suspect that the transactions on the company's account were not all related to business activities, but that company A's account in Belgium was used to conceal the origin of the funds in Angola and their ultimate destination or use.

The use of front companies with a registered office in an offshore centre, the use of transit accounts and the international scope of the financial transactions, making it difficult to understand their economic and financial rationale, are all indications of serious fiscal fraud, whether organised or not.

Case 2 – Fiscal fraud, use of companies in Delaware

The transactions carried out in this case were large transfers from French companies with bank accounts in France to the Belgian accounts of companies A and B with their registered offices in the United States (Delaware). Mr X and Mr Y, French nationals residing in Belgium, had power of attorney on A's and B's account respectively.

Between January 2012 and March 2013 (a period of a little more than one year) company A's account in Belgium received international transfers from several French companies led by Mr X and Mr Y. One of these companies, company D, managed by Mr X, had been removed from the register of companies.

The funds received were then transferred to:

- company C Ltd in China;
- Mr X in France and in Morocco;
- Mr Z and Ms W, in France and in Spain (it later turned out that Mr Z and Ms W were related to the French companies who transferred to funds to A).

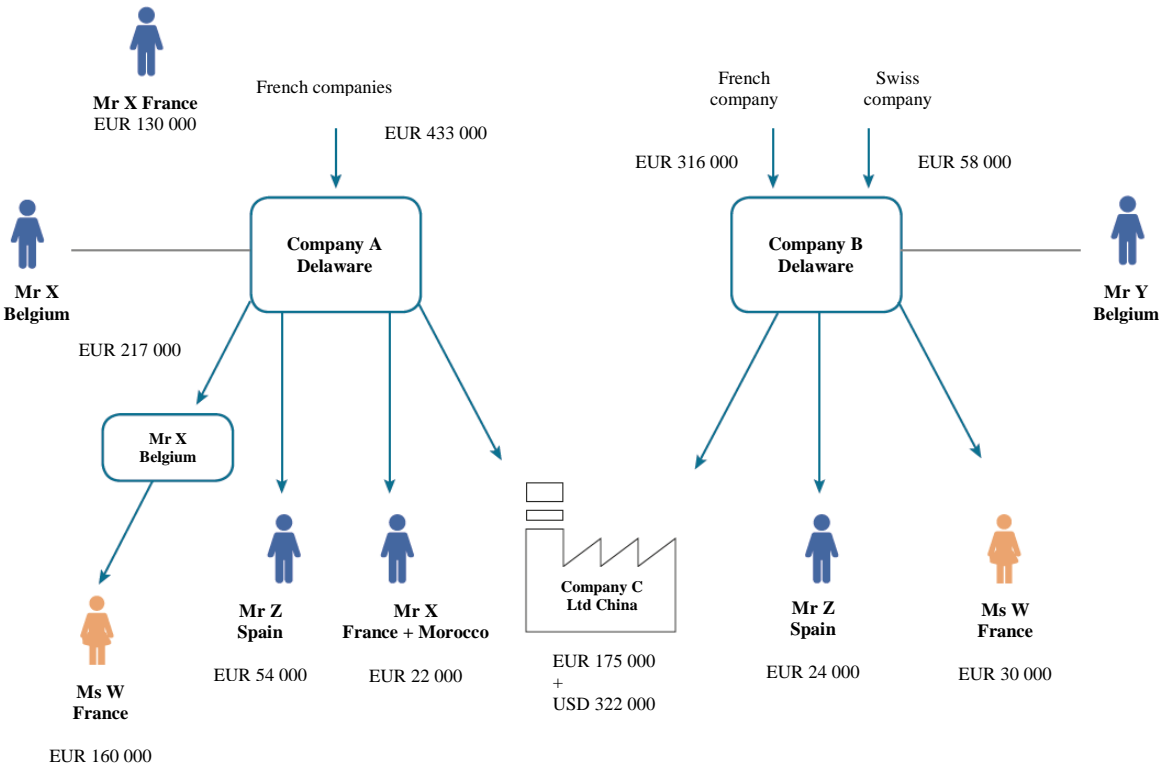
For the transfers to natural persons in France, two different channels were used to carry out these transactions:

- company A carried out direct international transfers to natural persons in France and Spain;
- company A carried out international transfers to the same individuals but used Mr X’s account as a transit account.

In the same period company B’s account in Belgium received international transfers for a total amount of EUR 396 000 from a company in France and a company in Switzerland.

The funds were subsequently transferred to:

- two Chinese companies (90 % was transferred to the Chinese company C Ltd);
- Mr Z and Ms W, in France and in Spain



Company A and company B’s bank accounts were allegedly used to embezzle funds from the aforementioned French companies. The transferred amounts, some of which were very substantial, were rounded up.

Even though A and B did not have the same manager or proxy holder, based on similar flows on their accounts and the same beneficiaries in France (Z and W) and in China (the Chinese company C Ltd) it could be inferred that A and B were involved in the same type of money laundering transactions.

Even though Mr Y had power of attorney on company B’s accounts, he did not manage this company. The fact that transfers to this company’s account originated from a French company led by Mr Y substantiated the idea that these were the French company’s business transactions, not company B’s.

Company A and company B both had their registered offices at the same address in the American state of Delaware, in which many companies are established due to the many tax advantages.

X and Y used companies in Delaware and accounts in Belgium in order to set up front companies (in this case two American companies) to embezzle and withdraw profits from these French companies led by the same managers, to the detriment of the aforementioned companies and the French tax authorities.

Mr X was known to the police for fiscal fraud, several cases of fraud, breach of trust, money laundering and misappropriation of corporate assets.

In brief, the funds transferred by the French companies to company A's and B's accounts and subsequently to X, W and Z, were possibly related to fiscal fraud, whether organised or not, and/or misappropriation of corporate assets.

Case 3 – VAT carousel and telephone cards

In a period of less than three months, the account of company A, a telecommunication company, was exclusively used to received transfers from a French account held by company B, for more than EUR 300 000 in total. A sharp rise in turnover on the account of a recently established company is typical of transactions related to VAT carousel fraud.

The debit transactions in this period consisted of transfers to company C, amounting to more than EUR 300.000. The funds usually did not stay on A's account very long, which seemed to be used as a transit account.

Information from the tax authorities indicated that company C, a telephone card supplier in France, was known for VAT carousel fraud. According to information from the French FIU Tracfin an investigation into organised VAT fraud and money laundering was ongoing.

Most of the references accompanying transfers to company C referred to the purchase of telephone cards. It is well known that the telephone card industry is susceptible to VAT fraud. CTIF-CFI already reported numerous files involving telephone card companies to the judicial authorities.

Considering the scheme set up it was likely that this fraud to the detriment of the French Treasury was organised from France, as company A was led by Mr X, a French national, without any link to Belgium. Company A's account was almost exclusively used for international transfers from and to France. Even the rare cash withdrawals from the account took place in France. There was no official economic rationale for using a Belgian company and an account in Belgium.

2.2. Fraudulent bankruptcy and misappropriation of corporate assets

2.2.1. Statistics

In 2014, CTIF-CFI reported 332 files to the judicial authorities for laundering the proceeds of fraudulent bankruptcy or misappropriation of corporate assets.

	2012	2013	2014	% 2014
Number of files	364	299	332	29,35
Amounts ⁽¹⁾	132,68	156,38	123,54	15,72

⁽¹⁾ Amounts in million EUR

2.2.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2014 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 (30,42 %), also accounting for the largest laundered amount, to the Public Prosecutor's Office in Brussels.

Judicial district	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Brussels	101	30,42	44,84	36,30
Oost-Vlaanderen	44	13,26	18,22	14,75
Dendermonde	24	7,23	12,63	10,22
Gent	15	4,52	4,95	4,01
Oudenaarde	5	1,51	0,64	0,52
Hainaut	38	11,44	14,97	12,12
Charleroi	18	5,42	6,05	4,90
Tournai	10	3,01	5,66	4,58
Mons	10	3,01	3,26	2,64
Antwerpen	53	15,96	14,5	11,73
Antwerpen	42	12,65	10,77	8,71
Turnhout	4	1,20	2,44	1,98
Mechelen	7	2,11	1,29	1,04
Limburg	18	5,42	9,21	7,46
Hasselt	11	3,31	7,40	5,99
Tongeren	7	2,11	1,81	1,47
West-Vlaanderen	29	8,73	6,98	5,65
Ieper	2	0,60	0,21	0,17
Brugge	18	5,42	5,13	4,15
Kortrijk	7	2,11	1,06	0,86
Veurne	2	0,60	0,58	0,47
Halle-Vilvoorde	10	3,01	4,43	3,59
Liège	13	3,92	3,54	2,86
Liège	10	3,01	2,76	2,24
Huy	2	0,60	0,61	0,49
Verviers	1	0,31	0,17	0,13
Namur	4	1,2	2,94	2,39
Dinant	2	0,60	2,70	2,19
Namur	2	0,60	0,24	0,20

Leuven	8	2,41	1,1	0,89
Luxembourg	3	0,91	0,87	0,71
Neufchâteau	2	0,60	0,75	0,61
Arlon	1	0,31	0,12	0,10
Brabant Wallon	9	2,71	1,83	1,48
Eupen	2	0,61	0,11	0,07
Total	332	100	123,54	100

⁽¹⁾ Amounts in million EUR.

2.2.3. Case

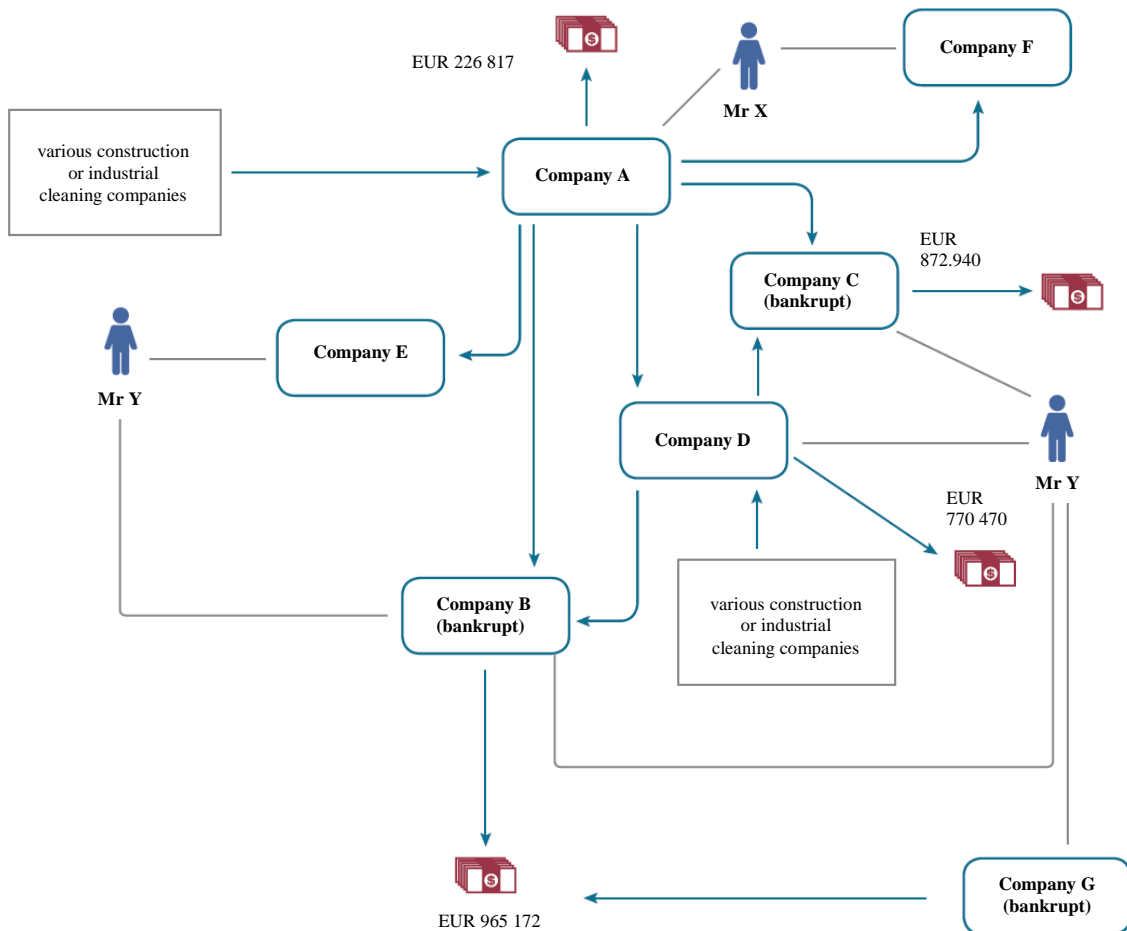
This case involved three foreign nationals (X, Y and Z), who had been living in Belgium for many years. These individuals were linked to no less than nine construction and industrial cleaning companies (A to J). Only A, C, I, H and J were actually involved in the identified financial transactions.

The diagram below clarifies their former or current (in)active roles in the company and the power of attorney on the Belgian bank accounts and shows that these individuals led various companies linked to company A.

The accounts of all these companies received transfers from other construction or industrial cleaning companies, followed by numerous cash withdrawals. The diagram below indicates that transfers between the various companies of the group also took place.

In total, some EUR 3 million was withdrawn in cash from the various companies' accounts between 2012 and 2014.

Analysis also revealed that these individuals were involved in various bankruptcies. Some of the companies were declared bankrupt shortly after the financial transactions stopped.



Police information also led to suspect that the companies under the individuals' management could be used to finance the PKK.

The link between the various companies of the group and the use of front men and the poor financial situation of the (active) companies, led to suspicions that the transactions between the companies' accounts and the cash withdrawals were an attempt to withdraw assets from (the creditors of) the companies.

In the construction and industrial cleaning industry subcontractors managed by front men are often used to exploit illegal workers. These companies are quickly declared bankrupt and replaced by other companies, to account for the use of illegal workers.

Taking into account the police information, it could not be excluded that the funds withdrawn in cash were at least partially used to finance terrorist activities (PKK).

2.3. Illicit trafficking in goods and merchandise

2.3.1. Statistics

In 2014, CTIF-CFI reported 61 files to the judicial authorities with serious indications of laundering the proceeds of illicit trafficking in goods and merchandise. The money laundering transactions in these files had a total value of EUR 52,30 million or 6,65 % of the total amount of all reported amounts in 2014.

	2012	2013	2014	% 2014
Number of files	164	116	61	5,39
Amounts ⁽¹⁾	264,38	41,56	52,30	6,65

⁽¹⁾ Amounts in million EUR.

Breakdown of the number of files reported to the judicial authorities in 2014 by type of illicit trafficking in goods and merchandise

Type of trafficking	from 1 January until 31 December 2014	Amounts ⁽¹⁾
Minerals, gold, precious stones and jewellery	3	27,65
Telephone cards	4	12,99
Cars and car parts	26	5,76
Food	1	1,38
Building materials	2	1,29
Counterfeit goods	9	0,86
Fireworks	1	0,79
Phones, computers, hi-fi, video	4	0,25
Textile	2	0,12
Tobacco, cigarettes and alcohol	2	0,09
Other	7	1,12
Total	61	52,30

⁽¹⁾ Amounts in million EUR.

2.3.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2014 related to illicit trafficking in goods and merchandise by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported most of the files (23 and 24 %) to the Public Prosecutor's Office in Brussels.

Judicial district	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Antwerpen	15	24,59	30,34	58,01
Antwerpen	13	21,31	30,17	57,68
Turnhout	2	3,28	0,17	0,33
Hainaut	7	11,48	12,28	23,46
Mons	2	3,28	11,55	22,07
Charleroi	2	3,28	0,38	0,72
Tournai	3	4,92	0,35	0,67
Brussels	14	22,95	4,35	8,32
Oost-Vlaanderen	8	13,11	3,56	6,81

Gent	4	6,56	2,08	3,98
Oudenaarde	2	3,28	1,42	2,72
Dendermonde	2	3,27	0,06	0,11
Limburg	3	4,92	0,55	1,05
Hasselt	2	3,28	0,49	0,93
Tongeren	1	1,64	0,06	0,12
Liège	3	4,92	0,44	0,83
Liège	3	4,92	0,44	0,83
Halle-Vilvoorde	5	8,2	0,41	0,79
West-Vlaanderen	2	3,28	0,17	0,33
Ieper	1	1,64	0,16	0,30
Brugge	1	1,64	0,01	0,03
Leuven	2	3,27	0,12	0,24
Luxembourg	1	1,64	0,05	0,09
Arlon	1	1,64	0,05	0,09
Namur	1	1,64	0,03	0,07
Namur	1	1,64	0,03	0,07
Total	61	100	52,30	100

⁽¹⁾ Amounts in million EUR.

2.3.3. Cases

The account of company A (which processed precious stones in Belgium), managed by Mr X, received several international transfers for a total amount of some USD 15 million from company B, located on an island in the Indian Ocean. Company B was also led by Mr X, the manager of company A. The references of the transfers referred to advances to Mr X.

Shortly afterwards, USD 20 million was transferred from the Swiss account of the Israeli company C to company A's account. Company C was also linked to company A and Mr X.

The island in the Indian Ocean was not known as a global trading centre for precious stones. Several traders in precious stones had set up subsidiaries specialized in polishing precious stones. Checks revealed that company A did not export any polished or rough precious stones to the island.

Mr X was known for fiscal fraud, money laundering and as a member of a criminal organisation. He featured in an investigation into African embargoed diamonds, with company A as a key player in this illegal arrangement. The funds transferred by company B and C to company could have originated from these offences.

Mr X transferred USD 3,5 million to the United States to buy a property.

2.4. Fraud

2.4.1. Statistics

As in previous years, fraud remained the main predicate offence in terms of the number of files reported to the judicial authorities in 2014, even though the number was lower than last year. The amounts were higher because the fraud committed in 2014 related to larger individual amounts (see below).

	2012	2013	2014	% 2014
Number of files	426	320	278	24,58
Amounts ⁽¹⁾	429,35	29,44	107,71	13,70

⁽¹⁾ Amounts in million EUR.

In terms of the number of files reported to the judicial authorities, fraud remains a disturbing concern. Fraud types such as mass marketing fraud, Nigerian scams or romance scams are still topical. Apart from mass fraud via the Internet, other more complex and complicated forms of fraud were also identified in 2014.

Up to 2013, CTIF-CFI found that the fraud (usually fraud committed after phishing or hacking bank details) generally involved relatively small amounts. In 2014, however, in numerous files fraud was committed involving transactions worth several million EUR.

CTIF-CFI found that fraud is getting increasingly complex and professional. Fraudsters now manage to obtain access to the emails of staff members of major companies and collect information on current financial or business transactions. Fraudulent emails (which appear real, because they contain confidential information on the company's business transactions, which was obtained previously) are then sent in name of managers to these members of staff, who often hold power of attorney on the company's account, to quickly carry out large (sometimes worth millions EUR) transfers, which later turn out to be fraudulent. Repeated phone calls encourage them to carry out these transfers.

CTIF-CFI reported a large number of such files to the judicial authorities in 2014.

Using its network of foreign contacts, CTIF-CFI was able to play an important role in these files in 2014, especially when large amounts were transferred abroad that could still be frozen or seized. In some cases in 2014, CTIF-CFI used the network of FIUs and international administrative cooperation to temporarily freeze the proceeds of fraud transferred abroad. This was sometimes done in consultation with the police, who found that the cooperation between FIUs was quicker than the judicial cooperation. This demonstrates that international administrative cooperation can complement and support international judicial cooperation.

2.4.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2014 related to fraud by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. 28 % of the files were reported to the Public Prosecutor's Office in Brussels.

Judicial district	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Brussels	77	27,7	32,45	30,12
Leuven	8	2,88	19,17	17,8
Brabant Wallon	11	3,96	14,94	13,87
Antwerpen	36	12,95	12,02	11,16
Antwerpen	27	9,71	11,47	10,65
Turnhout	6	2,16	0,44	0,41
Mechelen	3	1,08	0,11	0,1
Liège	20	7,2	10,89	10,1
Verviers	6	2,16	10,55	9,79
Liège	12	4,32	0,29	0,27
Huy	2	0,72	0,05	0,04
West-Vlaanderen	22	7,91	7,68	7,12
Kortrijk	8	2,88	6,15	5,71
Ieper	1	0,36	1,14	1,05
Brugge	12	4,32	0,38	0,35
Veurne	1	0,35	0,01	0,01
Oost-Vlaanderen	28	10,08	3,01	2,80
Dendermonde	12	4,32	2,27	2,11
Gent	13	4,68	0,58	0,54
Oudenaarde	3	1,08	0,16	0,15
Halle-Vilvoorde	11	3,96	2,13	1,98
Hainaut	33	11,88	2,06	1,91
Tournai	7	2,52	0,46	0,43
Mons	13	4,68	0,88	0,81
Charleroi	13	4,68	0,72	0,67
Limburg	11	3,95	1,62	1,5
Hasselt	7	2,52	1,54	1,43
Tongeren	4	1,43	0,08	0,07
Namur	6	2,15	0,61	0,57
Namur	5	1,8	0,6	0,56
Dinant	1	0,35	0,01	0,01
Federal Public Prosecutor's Office	5	1,8	0,53	0,5

Luxembourg	8	2,86	0,3	0,29
Neufchâteau	4	1,43	0,18	0,16
Arlon	3	1,08	0,11	0,11
Marche-en-Famenne	1	0,35	0,01	0,02
Eupen	2	0,72	0,3	0,28
Total	278	100	107,73	100

⁽¹⁾ Amounts in million EUR

2.4.3. Cases

Case 1 – New payment methods

Three foreign e-commerce companies (A, B and C) opened accounts with a Belgian provider of e-money services or Internet payment services.

Each of these three accounts was linked to various e-commerce websites, one account was linked to ten different sites.

These three e-wallets received payments for online purchases of goods and services (settlement of credit card payments). The debit transactions on these two accounts were:

- Over a period of six months more than EUR 900 000,00 was transferred from A Ltd to an own bank account in Hong Kong;
- Over a period of nearly two years more than EUR 1 750 000,00 was transferred from B Ltd to an own bank account in Bulgaria;
- Over a period of nearly four months almost EUR 150 000,00 was transferred from C Ltd to an own bank account in Bulgaria.

Based on the financial flows between companies A and B CTIF-CFI deduced that these companies were linked. Even though on the face of it A Ltd had other web activities than B Ltd, the fact that both companies used the same Bulgarian VAT number made clear that these companies were linked.

Mr X, A Ltd and B Ltd featured in a file on fraud: Mr X developed dating websites and charged customers EUR 99 or more. The websites contained fake profiles and were a complete scam.

The above-mentioned financial flows from the accounts held by A Ltd, B Ltd and C Ltd to their accounts in Hong Kong and Bulgaria were in all probability transactions to launder the proceeds of fraud.

Case 2 – Fraud and purchasing gold

Over a month's time Mr X purchased a total of 40 kg of gold worth nearly EUR 1.500.000,00. These funds were transferred, in several transactions, from an account in the Netherlands held by company A. Mr X claimed these were long-term investments.

Yet company A's bank in the Netherlands believed there was fraud into play. An invoice from company B addressed to company C had probably been intercepted and forged. Company B's bank account number was replaced by company A's. Company C then allegedly transferred 1 900 000,00 EUR to company A's account.

Company A was a Dutch one-man business set up by Mr X in 2014. The company organised tutoring, coaching and support sessions. It was located at Mr X's home address.

Company A did not advertise its activities on the Internet, it was therefore quite unlikely that this newly created company would generate such profit and could or wished to invest it immediately.

The transactions were probably conducted by Mr X, a front man for unidentified third parties to launder the proceeds of fraud.

Case 3 – Fraud and investments

The Belgian national Mr X, who had lived in Belgium, Luxembourg, France and the Bahamas, suddenly opened an account in Belgium. Shortly after opening this account he wanted to invest EUR 10 000 000.

CTIF-CFI's analysis showed that he was known to the police and the judicial authorities for fraud, embezzlement, forgery, use of forged documents, private corruption, breach of trust and organisation of insolvency.

CTIF-CFI immediately forwarded this file to the judicial authorities, stating that EUR 10.000.000 would be transferred to the account very shortly.

The Public Prosecutor's Office in Brussels was able to judicially seize the EUR 10 000 000 that Mr X had transferred to Belgium (cf. Chapter II – table in section 4.10.) and, given the information collected, were most probably the proceeds of fraud.

2.5. Trafficking in illegal labour

2.5.1. Statistics

In 2014, 78 files were reported to the judicial authorities because of serious indications of laundering of the proceeds of trafficking in illegal labour, for a total amount of EUR 48,35 million.

	2012	2013	2014	% 2014
Number of files	86	83	78	6,90
Amounts ⁽¹⁾	45,31	51,41	48,35	6,15

⁽¹⁾ Amounts in million EUR

In 2014, CTIF-CFI identified a change in the files related to trafficking in illegal labour linked to the Brazilian network.

Up to 2013, the main transactions in these files were transfers from customers followed by cash withdrawals, in order to pay undeclared workers (residing in Belgium illegally). In 2014, CTIF-CFI found that these files were becoming increasingly complex.

The use of the “compensation technique” has been frequently identified since 2014 in files related to trafficking in illegal labour.

COMPENSATION TECHNIQUE

This method enables criminals or fraudsters with lots of cash (that they want to get rid of and want to launder inconspicuously) to come into contact with criminals or fraudsters in needs of cash to finance their criminal and illegal activities, unable to withdraw this cash without raising suspicions.

By using the “compensation technique” criminals can easily transfer money abroad, there is no need to transport cash between countries, avoiding any risks involved in transporting money.

For traders selling goods and merchandise illegally with loads of cash it is difficult to use the banking system without being noticed, so they look for criminals in need of cash.

Other criminals or fraudsters receive money on their bank accounts that they would like to convert into cash, to pay illegal work they are exploiting for instance.

Criminals or fraudsters who want to get rid of their dirty cash without raising suspicions with their bank in Belgium hand the cash over to criminals or fraudsters in need of cash for their criminal or illegal activities, in exchange for international transfers (generally to Asia, to countries such as Pakistan or China) and after paying a commission. These international transfers are actually used to pay for goods, sustaining the illegal trade in goods and merchandise and the black market.

This technique is illustrated by two examples in section 2.5.3 below.

2.5.2. Public Prosecutor’s Office

Geographical breakdown of the number of files and the total laundered amount reported in 2014 related to trafficking in illegal labour by Public Prosecutor’s Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor’s Office. CTIF-CFI reported most of the files (66,67 %), also accounting for the highest laundered amount, to the Public Prosecutor’s Office in Brussels.

Judicial district	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Brussels	52	66,67	34,38	71,12
Oost-Vlaanderen	6	7,69	4,29	8,87
Gent	5	6,41	2,18	4,51
Dendermonde	1	1,28	2,11	4,36
West-Vlaanderen	1	1,28	2,32	4,81
Brugge	1	1,28	2,32	4,81
Hainaut	5	6,41	2,32	4,79
Mons	3	3,85	1,51	3,12
Charleroi	2	2,56	0,81	1,67
Antwerpen	5	6,41	2,1	4,34
Antwerpen	5	6,41	2,1	4,34
Waals-Brabant	3	3,85	1,48	3,06
Halle-Vilvoorde	3	3,85	0,83	1,72
Limburg	1	1,28	0,36	0,73
Tongeren	1	1,28	0,36	0,73

Liège	2	2,56	0,27	0,56
Liège	1	1,28	0,22	0,45
Huy	1	1,28	0,05	0,11
Total	78	100	48,35	100

⁽¹⁾ Amounts in million EUR.

2.5.3. Cases

In recent years¹⁷, CTIF-CFI and the police identified several files in which the so-called “compensation technique” was used to launder money in order to circumvent the preventive measures applied by financial institutions.

In the first case below, a result of analysing several disclosures, company A’s need for cash was compensated by company B’s excess cash proceeds of illegal activities. Company A and B’s financial institutions only recorded transfers between the accounts. The cash that B presumably handed over to A were not detected by the preventive due diligence measures as the banking system was not used, instead an informal money transfer system (such as *hawala*) was used.

This file indicated that criminals from completely different industries (construction industry and trade in telephone cards in case 1) were able to cooperate to hide their illegal activities and conceal the transactions conducted to launder the proceeds of these activities.

The two cases below were forwarded to the judicial authorities because of serious indications of laundering the proceeds of illegal trafficking in illegal labour and illicit trafficking in goods and merchandise (telephone cards or other goods).

In this first case, there was no international connection, the cash was obtained by selling telephone cards in Belgium and was transferred to Belgian companies trading in telephone cards (telecommunication companies).

There was an international dimension to the second case, the goods were purchased abroad (in countries such as Pakistan and China), hence the international transfers.

Case 1 – Exploitation of illegal workers and illicit trafficking in goods and merchandise – domestic compensation

Company A, a construction and cleaning company, changed its managers or associates a dozen times since it was set up. The fact that this company’s managers changed regularly could indicate that the company was led by front men.

Over the period of one year company A’s accounts received transfers from several construction and/or industrial cleaning companies for a total amount of more than EUR 4 million. Most of these funds, in total more than EUR 3 million, was transferred to company B, a company trading in telephone cards.

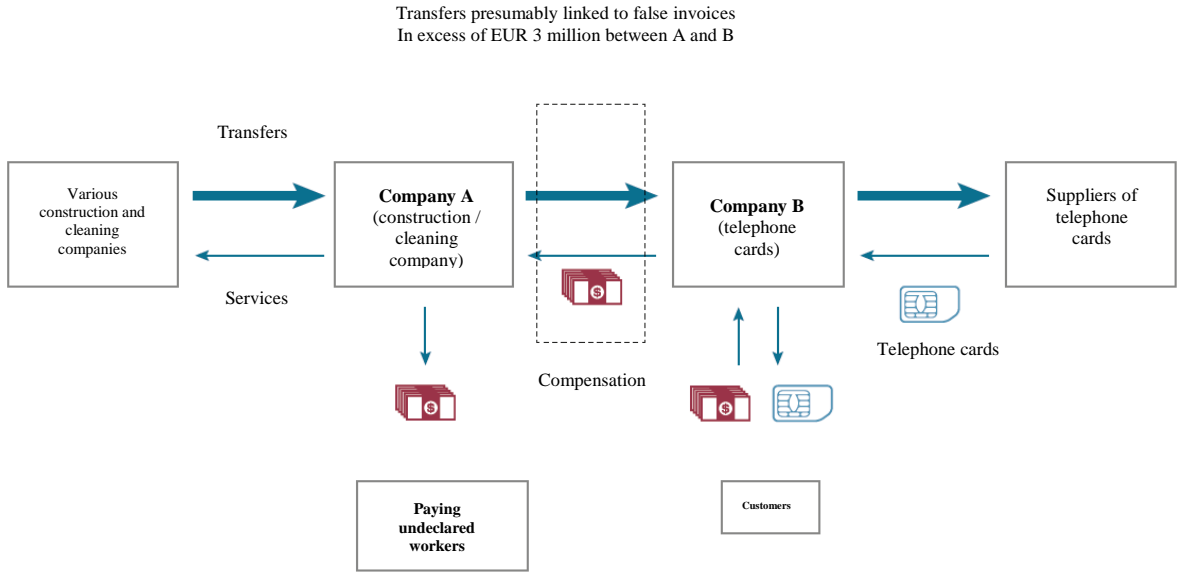
During this same period company B transferred a total amount of EUR 3 million to suppliers of telephone cards.

Construction and industrial cleaning companies are known to be prone to the exploitation of illegal workers. Company A’s articles of association were repeatedly changed in the past few years (mainly

¹⁷ See the Annual Report 2010.

new managers), which is typical of files related to the exploitation of illegal workers. CTIF-CFI reported a large number of these files to the judicial authorities in recent years. Transfers from construction and industrial cleaning companies to subcontractors were followed by cash withdrawals, presumably to pay illegal workers employed by subcontractors in Belgium.

Businesses in telephone cards are also susceptible to illegal trafficking in goods and merchandise. CTIF-CFI reported a large number of files involving merchants in telephone cards to the judicial authorities because of serious indications of laundering the proceeds of illegal trafficking in goods and merchandise. Some telephone card intermediaries were suspected of having arranged to sell a large number of phone cards on the black market using “willing” or fictitious customers, which enabled this illegal trading to remain unnoticed.



CTIF-CFI’s analysis showed that company A was not registered as an employer with the National Social Security Office. Company B also featured in a file that CTIF-CFI had reported to the judicial authorities for illegal trafficking in goods and merchandise and/or serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension (telephone cards)¹⁸.

There was no economic rationale for the transfers between company A and B, the references of the payments on A’s and B’s accounts revealed that A and B traded in completely different industries.

The transfers from A to B were presumably compensated by handing over cash to company A’s manager for him to pay illegal and/or undeclared workers.

The transactions between A and B could therefore be linked to the “compensation technique”.

¹⁸ File reported to the judicial authorities before the Law of 15 July 2013 amending the Law of 11 January 1993 related to the term serious and organised fiscal fraud came into force.

Case 2 – Exploitation of illegal workers – illegal trafficking in goods and merchandise – International compensation

A second case involved a number of companies, mainly in the construction and industrial cleaning industry in Belgium, usually led by Portuguese or Brazilian nationals.

The activities of these companies and their managers were disclosed to CTIF-CFI. Given the links between these companies and managers, CTIF-CFI analysed these disclosures together.

The “compensation technique” was used yet again in this second case, this time on an international scale. The use of complex transactions and the (informal) transfer of cash made them more difficult to detect.

The transactions in this case, which included several disclosures and files, could be reduced to three main flows involving intermediaries, those wishing to launder dirty money, managers of shell companies, several of which were willing to have their companies used for money laundering purposes and in need of cash to pay illegal workers and foreign (usually Asian) companies involved in illegal trafficking in goods and merchandise.

Flow number 1:

Intermediaries or those wishing to laundering dirty money handed over cash to managers of Belgian construction or cleaning companies, who usually worked as subcontractors and often employed illegal workers who were paid in cash. As the cash received did not suffice to pay all illegal workers, cash was withdrawn from Belgian accounts of Belgian construction or cleaning companies.

Yet they did not have to withdraw large amounts of cash as the Belgian construction or cleaning companies used the “compensation technique” to pay illegal workers.

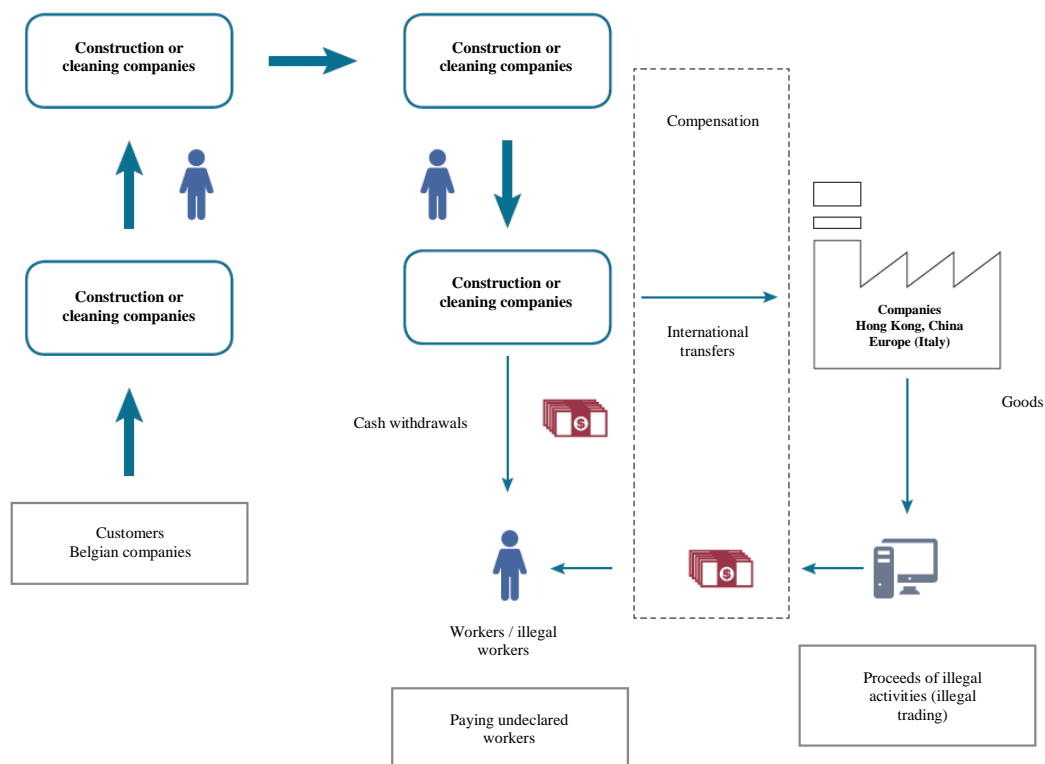
Flow number 2:

The accounts of Belgian construction or cleaning companies and their managers’ accounts received transfers from other Belgian construction or cleaning companies (customers). Many transfers were also conducted between the accounts of “shell companies” in the construction or cleaning industry, which joined the compensation scheme as well.

Flow number 3:

The accounts of Belgian construction or cleaning companies and their managers were used to withdraw cash (see flow 1), and to transfer money to companies abroad, mainly in Hong Kong and China (presumably using false invoices), but to European countries (Italy) as well.

In all probability these international transfers corresponded to the cash handed over by the intermediaries or those wishing to launder their proceeds of crime or illegal activities, after having taken a commission. These international transfers were probably linked to the purchasing of goods in name of “intermediaries” and their ordering parties or are intended to complicate the flows.



The total amount transferred abroad (EUR 8,7 million in 2013 and 2014 alone) was presumably only part of the “compensation technique” used by these companies.

One of the companies in Hong Kong sold computers, not linked to the construction or cleaning industry in any way. Two companies, to which substantial amounts were transferred, were dissolved several years ago. The economic authenticity of the transfers to these companies could be questioned. It was striking that these companies were still active through the use of bank accounts in Hong Kong. The registered office of many of these companies was located in the same street or even at the same address.

The industry of the main beneficiaries of the transfers to Italy was also completely different from the Belgian construction or cleaning companies.

The Belgian companies that transferred funds to Asia did not declare any import operations to customs for 2013 and 2014. As the assumption that import operations took place via another member state of the European Economic Area could not be excluded, it was likely that goods were imported into this area (and more specifically Belgium) illegally.

Apart from various links between numerous companies and managers, it also became clear that several individuals were known to the police or the judicial authorities.

Several Brazilian nationals all used fake identity documents to carry out “suspicious” financial transactions in Belgium or manage companies. This strengthened the idea of a structured network related to illegal trafficking and illegal workers.

The companies involved in these transactions generally had a similar profile. They were usually companies in the same industry (construction and cleaning industry) and the managers were generally nationals from the same country (typical of the Brazilian network). The companies were also in financial trouble and generally made losses. The companies were established years ago, yet the articles of association stated that the manager and the distribution of the shares were changed when the suspicious transactions were carried out. In some cases these companies were led by the same managers.

In view of the elements in this file, the number of transactions, the organisation of flows and the complex money laundering technique used, it can be concluded that the suspicious transactions, i.e. the transfers abroad and cash withdrawals to various accounts were related to a criminal arrangement involving trafficking in illegal workers and other predicate offences involving the use of cash.

2.6. Illicit trafficking in narcotics

2.6.1. Statistics

In 2014, CTIF-CFI reported 80 files to the judicial authorities related to illicit trafficking in narcotics, for a total amount of EUR 11,23 million.

	2012	2013	2014	% 2014
Number of files	118	88	80	7,07
Amounts ⁽¹⁾	12,51	9,45	11,23	1,43

⁽¹⁾ Amounts in million EUR.

The amounts detected in files related to illicit trafficking in narcotics fell in recent years, even though there was no decline at all in drug use itself. In 2002, the total amount of the detected money laundering transactions amounted to EUR 50 million a year.

This confirms the finding that these transactions are increasingly difficult to detect. The increase in the number of drug dealers and the structuring of their transactions play an important role in this regard.

The use of the underground cash economy is another likely explanation for the drop in the number of cases detected by “compliance officers” of the usual financial institutions. It is also probable that cash proceeds of drug trafficking were laundered using the “compensation technique”, as illustrated in section 2.5.3. below.

2.6.2. Public Prosecutor’s Office

Geographical breakdown of the number of files and the total laundered amount reported in 2014 related to illicit trafficking in narcotics by Public Prosecutor’s Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor’s Office.

CTIF-CFI reported most of the files to the Public Prosecutor’s Office in Antwerp and Brussels (21,25 and 27,50 %). The largest amounts were reported to Antwerpen and Limburg.

	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Antwerpen	17	21,25	2,70	24,01
Antwerpen	15	18,75	2,58	22,96
Turnhout	1	1,25	0,07	0,63
Mechelen	1	1,25	0,05	0,42
Limburg	10	12,5	2,68	23,87
Tongeren	5	6,25	2,07	18,4
Hasselt	5	6,25	0,61	5,47
Brussels	22	27,50	2,19	19,47

West-Vlaanderen	5	6,25	1,76	15,68
Brugge	4	5,00	1,25	11,17
Kortrijk	1	1,25	0,51	4,51
Hainaut	10	12,5	0,94	8,39
Charleroi	4	5,00	0,65	5,80
Mons	6	7,50	0,29	2,59
Halle-Vilvoorde	3	3,75	0,34	3,03
Liège	5	6,25	0,32	2,85
Verviers	3	3,75	0,27	2,36
Liège	2	2,5	0,05	0,49
Oost-Vlaanderen	3	3,75	0,16	1,42
Gent	1	1,25	0,11	0,94
Dendermonde	1	1,25	0,05	0,44
Oudenaarde	1	1,25	-	0,04
Leuven	2	2,50	0,08	0,69
Federal Public Prosecutor's Office	1	1,25	0,05	0,47
Brabant Wallon	1	1,25	0,01	0,11
Luxembourg	1	1,25	-	0,01
Marche-en-Famenne	1	1,25	-	0,01
Total	80	100	11,23	100

⁽¹⁾ Amounts in million EUR.

2.6.3. Case

Mr X managed company A, a company selling and hiring (second-hand) cars and specialised in luxury vehicles.

A turnover in excess of EUR 500 000 was recorded on A's account over a two-year period, more than EUR 200 000 of which was deposited in cash. The fact that a large part of the payments for selling or hiring (second-hand) cars took place in cash, led to suspect that these payments were part of an arrangement to launder money through this company. The remaining EUR 300 000 consisted of incoming transfers, referring to selling and hiring cars.

Company A was declared bankrupt in 2013. In the two years prior to the bankruptcy, cash was regularly withdrawn from company A's account, for a total amount of EUR 250 000. More than EUR 40 000 was transferred to Mr X using bank cheques. Cash was also regularly deposited into his personal account. In addition, incoming and outgoing transactions were conducted on his personal account that were clearly linked to company A's activities. These transactions led to believe that assets were withdrawn from the company before it was declared bankrupt.

Mr X and company A were known to the police for money laundering, trafficking in narcotics, suspicious behaviour and criminal organisation. The company was presumably used to launder their proceeds of crime. They invested money in the company and were able to use luxury vehicles registered in company A's name instead of their personal name. The cars were put at the disposal of criminals, it is said to be one of the favourite hire companies of drug traffickers.

2.7. Organised crime

2.7.1. Statistics

In 2014, CTIF-CFI reported the same number of files related to organised crime as in 2013. The amounts increased slightly compared to 2013.

	2012	2013	2014	% 2014
Number of files	87	44	44	3,89
Amounts ⁽¹⁾	1.048,60	24,87	42,40	5,39

⁽¹⁾ Amounts in million EUR

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

2.7.2. Public Prosecutor's Office

Geographical breakdown of the number of files reported in 2014 related to organised crime by Public Prosecutor's Office

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported most of the files (29,55 %) to the Public Prosecutor's Office in Brussels. The largest amounts were reported to the Public Prosecutor's Office in Limburg and Antwerpen.

Judicial district	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Limburg	4	9,09	24,19	57,04
Tongeren	1	2,27	21,56	50,84
Hasselt	3	6,82	2,63	6,20
Antwerpen	7	15,91	6,58	15,52
Antwerpen	7	15,91	6,58	15,52
Brabant Wallon	2	4,55	5,12	12,07
Brussels	13	29,55	3,92	9,25
Hainaut	7	15,92	1,47	3,47
Charleroi	3	6,82	1,17	2,76
Mons	4	9,10	0,30	0,71
Federal Public Prosecutor's Office	5	11,36	0,47	1,11
Halle-Vilvoorde	1	2,27	0,28	0,66
Namur	1	2,27	0,16	0,37
Namur	1	2,27	0,16	0,37
Leuven	1	2,27	0,08	0,20
Liège	2	4,54	0,08	0,20
Verviers	1	2,27	0,08	0,20
Liège	1	2,27	-	-

Oost-Vlaanderen	1	2,27	0,05	0,11
Oudenaarde	1	2,27	0,05	0,11
Total	44	100	42,40	100

⁽¹⁾ Amounts in million EUR.

2.7.3. Cases

Case 1 – Investments in property and art

This case featured the financial activities of Mr X, a Russian business man, in Belgium, involving a number of companies, offshore companies and natural persons, including Mr Y.

Various money laundering techniques were used in Belgium: buying large properties in Belgium and the south of France, using opaque legal arrangements in offshore financial centres ; maintaining close ties with politically exposed persons in Russia and Belgium, carrying out money laundering transactions through the art world...

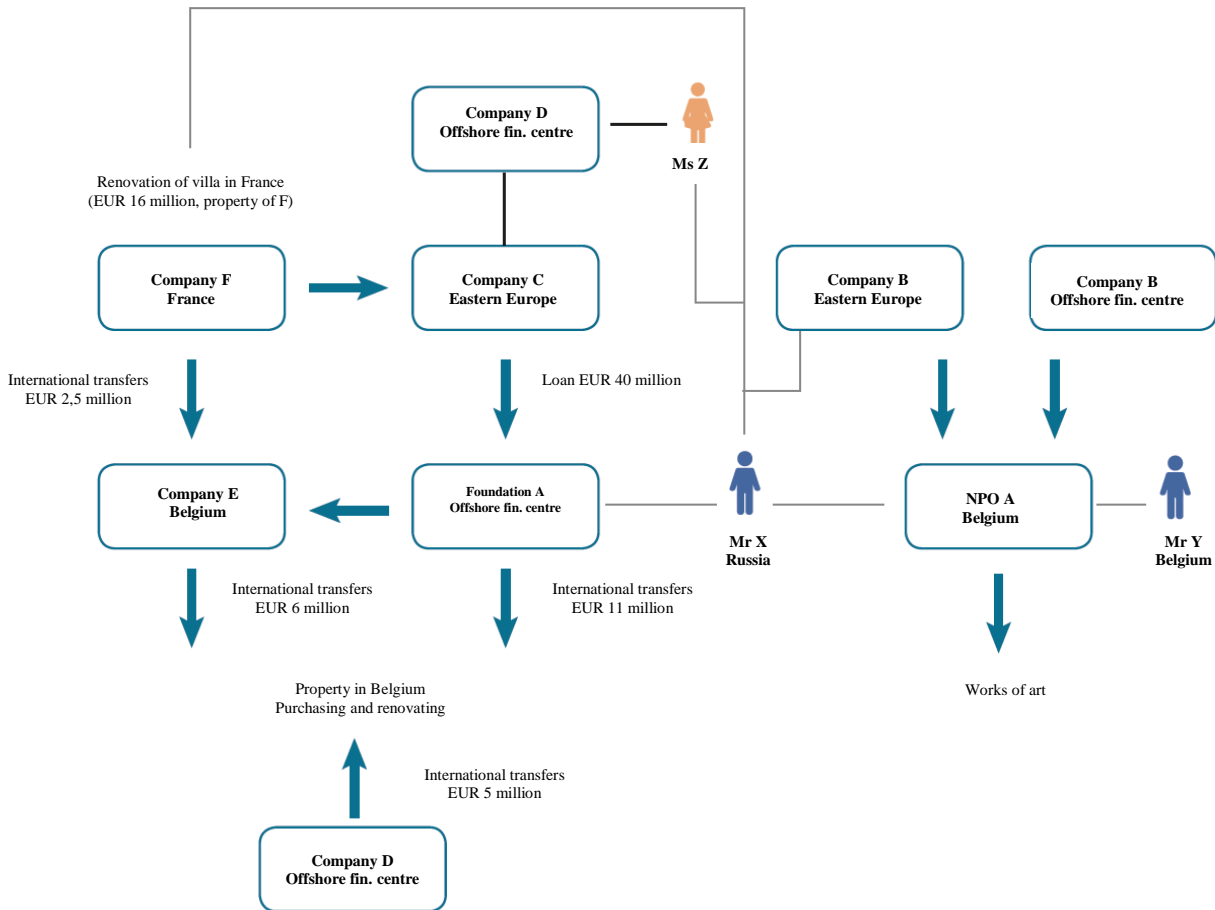
Mr X was known to the Belgian police for money laundering and links with organised crime.

Research in Belgium showed that Mr X was Chairman of A, an NPO involved in the art world. He was alleged to be the patron and sponsor of this organisation. Mr Y held power of attorney on the NPO's account.

The Belgian account of this NPO almost exclusively received transfers from accounts held in a financial offshore centre and a country in Eastern Europe from company B, led by Mr X. The funds received were primarily used to buy works of art.

Apart from investments in works of art, other legal arrangements, also linked to Mr X, invested in large properties.

Foundation A, located in a financial offshore centre, (of which Mr X was the beneficiary), purchased a property worth several million EUR. The sales price and transaction fees were paid by a company in another financial offshore centre (company C, transfers from a country in Eastern Europe).



The purchase of this property and its renovation works were financed by a loan agreement between company C and foundation A for a total amount of EUR 40 million. Company C was a subsidiary of company D, and D provided all of the funds.

Apart from these large purchases, funds were also used to carry out renovation works via the Belgian company E. Analysis of company E's account showed that more than EUR 6 million was transferred internationally from the foundation's account in Liechtenstein, reference was made to invoices. A total amount of EUR 5 million was also transferred to company D's account in Cyprus.

Company E's account in France also received substantial transfers (nearly EUR 2,5 million from an account in France held by company F) related to renovation works to a villa in the south of France. This villa was owned by company F, which could be linked to Mr X's family. Renovation works worth EUR 16 million were said to have been carried out.

Based on these elements it could be deduced that all or part of the investments in property or in works of art conducted in or via Belgium, through various offshore companies and natural persons, by Mr X, were proceeds of illegal activities related to organised crime.

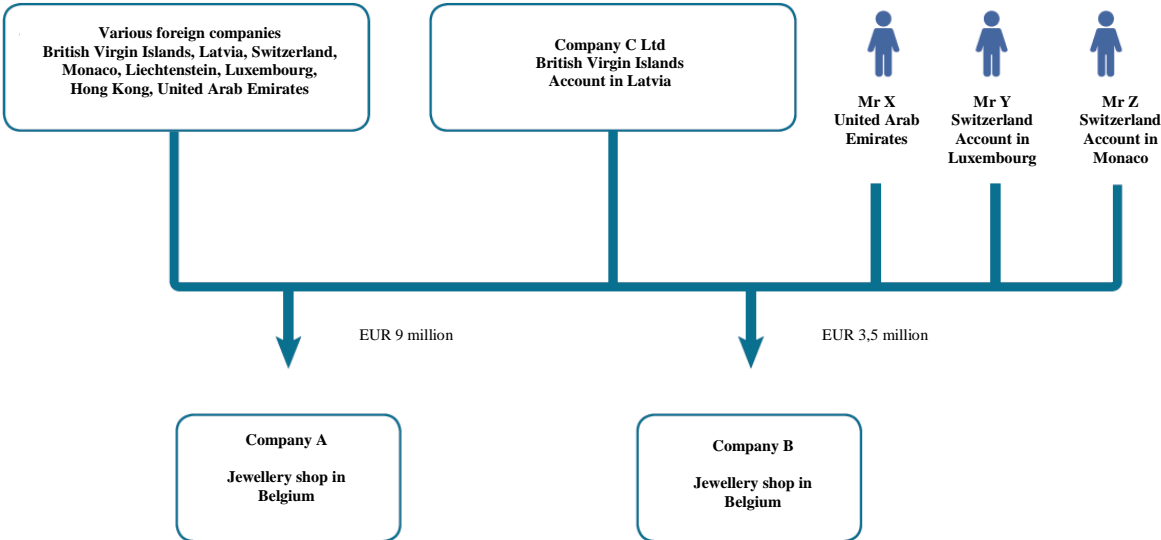
Case 2 – Fraudulent VAT transactions with luxury jewellery

The accounts of companies A and B, jewellers in Belgium, received large international transfers from numerous foreign companies, mainly located in or with an account in financial offshore centres or areas offering tax advantages (British Virgin Islands, Bahamas, Latvia, Switzerland, Monaco, Liechtenstein, Luxembourg, Hong Kong and the United Arab Emirates). Company C Ltd, the main company transferring to these two accounts, was located in the British Virgin Islands and held an account in Latvia.

The accounts of the two jewellers also received large international transfers from several private individuals in areas offering tax advantages. Mr X from the United Arab Emirates was the one carrying out most transfers to the accounts. In addition there was Mr Y from Switzerland with an account in Luxembourg and Mr Z from Switzerland with an account in Monaco.

In total, transactions worth in excess of EUR 9 million were carried out on company A’s account, and more than EUR 3,5 million on company B’s account.

The international transactions on the accounts held by these two jewellers, especially those of offshore company C Ltd, were generally payments of large invoices exempt from VAT made out to various diplomats posted in Brussels. The amount of tax-free purchases was exceptionally high for personal use.



Company A sold large quantities of jewellery tax-free to ambassadors, consuls, and other representatives of diplomatic missions in Belgium using forged documents (fake ambassadors’ stamps and forged signatures). The persons whose names were used for the invoices stated never having purchased anything in these jewellery shops.

In view of this information and the similarities between the transactions on the accounts of these two jewellery shops (same origin for the main financial flows and the same atypical grounds for the main transactions (tax-free invoices for unusually large amounts made out to the same ambassador) we can assume that company B also used forged documents to justify large sales transactions on the account.

The suspicious transactions (or at least part of them) could be related to serious fiscal fraud. The two companies were able to avoid paying a large amount of VAT, to the detriment of the Belgian Treasury.

There were other suspicious transactions in this case, related to the funds transferred to the accounts of the jewellery shops. Most of these funds came from financial offshore centres or areas offering tax advantages. Not only did this conceal the identity of the actual buyers (economic beneficiaries of the Ltd company), it also complicated any future investigation into the origin of the funds.

Mr X also carried out an unusually large number of payments, clearly not related to personal spending, which could indicate that at least some of these transactions were carried out for third parties.

Buying luxury jewellery is typical of the integration stage of money laundering.

A judicial inquiry is currently underway¹⁹.

Case 3 – Use of third parties

In this case Ms A and Ms B carried out transfers for their respective husbands, Mr X and Mr Y.

Ms A's account received several transfers from Lebanon in a six-month period, for a total amount of nearly EUR 10.000,00. She also received more than EUR 16.000,00 from Lebanon through money remittance. The reason why she received this money is unknown.

In this same period more than EUR 50.000,00 was deposited in cash into Ms B's account, of which EUR 35.000,00 was transferred to the Netherlands. The reference mentioned her husband's name (Mr Y), which could indicate that these transactions were carried out for him.

Police information indicated that a Lebanese network (of which Mr X and Mr Y were part) laundered money for various criminal groups. Large amounts of cash were said to have been transported, purportedly linked to laundering the proceeds of drug trafficking.

Mr X was involved in laundering EUR 1 200 000,00 in the Netherlands. A Lebanese national had asked him to collect this money. Mr Y was also checked by Dutch customs officials and was carrying EUR 1 000 000,00. He stated that he was on his way to Belgium. Other couriers were also identified, known to CTIF-CFI for transporting cash from Belgium to Lebanon, for a total amount of EUR 3,5 million in 2012 and 2013.

Based on the aforementioned elements, it was likely that Ms A and Ms B carried out financial transactions for their husbands.

2.8. Trafficking in human beings

2.8.1. Statistics

In 2014, CTIF-CFI reported 29 files to the judicial authorities related to trafficking in human beings. These files and the amounts involved only accounted for a small part of the files reported to the judicial authorities. These files should be viewed in a wider context of human exploitation, linked to files related to exploitation of illegal workers and prostitution.

	2012	2013	2014	% 2014
Number of files	54	37	29	2,56
Amounts ⁽¹⁾	16,43	12,99	17,69	2,25

⁽¹⁾ Amounts in million EUR.

¹⁹ *Le Soir*, 23 April 2015 – *Deux bijoutiers arrêtés pour fraude* [Two jewellers arrested for fraud].

2.8.2. Public Prosecutor's Office

Breakdown of the number of files and total laundered amount reported in 2014 related to trafficking in human beings by judicial follow-up

The table below provides a breakdown of the number of files and the total laundered amount by Public Prosecutor's Office. CTIF-CFI reported most of the files (nearly 38 %) to the Public Prosecutor's Office in Brussels and Antwerp. The files representing the highest laundered amount (78 %) were reported to the Public Prosecutor's Office in Antwerpen and Oost-Vlaanderen.

Judicial district	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Antwerpen	7	24,14	8,78	49,62
Turnhout	1	3,45	6,98	39,45
Antwerpen	5	17,24	1,14	6,42
Mechelen	1	3,45	0,66	3,75
Oost-Vlaanderen	4	13,79	5,08	28,73
Dendermonde	2	6,90	4,4	24,89
Gent	2	6,89	0,68	3,84
Liège	5	17,24	1,32	7,45
Liège	4	13,79	1,26	7,13
Verviers	1	3,45	0,06	0,32
Brussels	6	20,69	0,84	4,73
West-Vlaanderen	2	6,89	0,57	3,22
Brugge	2	6,89	0,57	3,22
Namur	1	3,45	0,48	2,72
Namur	1	3,45	0,48	2,72
Limburg	1	3,45	0,47	2,67
Tongeren	1	3,45	0,47	2,67
Brabant Wallon	1	3,45	0,07	0,37
Hainaut	1	3,45	0,05	0,28
Tournai	1	3,45	0,05	0,28
Federal Public Prosecutor's Office	1	3,45	0,03	0,21
Total	29	100	17,69	100

⁽¹⁾ Amounts in million EUR.

2.8.3 Case

Company A, which builds motorways, held accounts with at least three different banks and Mr X, Mr Y and Mr Z had power of attorney on these accounts. The company's accounts with two banks received transfers from various legal persons, mainly other companies involved in building motorways.

Up to the end of September 2012, the funds were mainly used for bank cheques, which were cashed on another of the company A's account held with a third bank. From 2010 to 2012 a total amount of some EUR 17 million was channelled between company A's accounts.

From the end of 2012 onwards, the company's funds on the accounts with the first bank were directly transferred to an account with a third bank. The transfers were always processed "urgently", for which company A had to pay high transactions fees.

Company A's accounts were also used to regularly withdraw cash. From 2010 to 2014 at least EUR 7 000 000,00 was withdrawn in cash.

Part of the cash was presumably used to pay undeclared workers. As early as 2012, statements by (former) employees of company A indicated that part of the wages was regularly paid in cash. This way Mr X managed to defraud the Belgian tax authorities and avoid paying the required social security contributions.

Even though company A did not have any tax arrears, the company and Mr X were known to the tax authorities, through a preliminary enquiry examining serious indications of undeclared work.

Police information revealed that company A and its manager Mr X featured in a judicial investigation into undeclared work. It was alleged that a large group of foreign workers (including Romanian nationals) were being exploited by Mr X. This exploitation was said to be organised, where the illegal labour subcontractors provided lodging for the workers in Belgium, making them slum landlords.

Based on these elements, this file was reported to the judicial authorities due to laundering the proceeds of human trafficking.

2.9. Terrorism, terrorist financing, including proliferation financing

2.9.1. Statistics

In 2014, CTIF-CFI reported 37 files to the judicial authorities due to serious indications of terrorist financing for a total amount of EUR 6,8 million.

This increase partially results from the issue of foreign fighters leaving for war zones. In 2014, CTIF-CFI reported several files to the judicial authorities related to jihadis who went to fight in Syria or Iraq. In 2014, numerous files involved short-term loans or loans with companies for consumer credit or credit institutions in Belgium. These funds were then withdrawn in cash and taken to Syria or Iraq to finance the activities of terrorist groups in the region or to pay for travel to Syria or Iraq. Typically all the money was simultaneously withdrawn from savings and current accounts, indicating that the individuals did not plan on returning.

In 2014, CTIF-CFI reported several files to the judicial authorities featuring NPOs led by individuals known for their radical attitudes and for spreading radical ideas, also to recruit jihadis for Syria.

In 2014, CTIF-CFI also reported several files to the judicial authorities because one or more individuals was/were subject to financial sanctions by the United Nations or the European Union. The information obtained by CTIF-CFI on individuals close to those subject to freezing measures can also be important to the judicial authorities.

Terrorist financing can have various sources, from Belgium or abroad. In 2014, CTIF-CFI analysed a file related to illicit trafficking in narcotics, purportedly financing terrorist activities.

Physical cross-border transportation of currency was also a frequently used technique in files related to terrorist financing. In 2014, CTIF-CFI reported several files to the judicial authorities in which large amounts of cash were seized that had not been declared to the Customs and Excise Administration and could be linked to terrorist financing.

Section 2.9.3. contains a diagram with the financial flows of files reported to the judicial authorities due to terrorist financing.

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

	2012	2013	2014	% 2014
Number – terrorism	1	0	0	-
Number – terrorist financing ⁽¹⁾	19	25	37	3,27
Amount – terrorism	0,04	-	-	-
Amount – terrorist financing ⁽¹⁾	1,86	2,57	6,82	0,87

⁽¹⁾ including proliferation financing – amounts in million EUR

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

Since 2012, officials of administrative services of the State have been required to disclose any suspicions of money laundering or terrorist financing to CTIF-CFI.

In 2014, based on a disclosure from OCAM-OCAD, a file was opened and reported to the Federal Public Prosecutor’s Office.

To gain insight into international terrorism networks, it is vital to combine intelligence from various sources. Financial information available to CTIF-CFI in files related to terrorism is linked to information from police and intelligence services in order to obtain a coherent analysis.

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

2.9.2. Public Prosecutor’s Office

Geographical breakdown of the number of files and the total laundered amount reported in 2014 related to terrorism or terrorist financing by Public Prosecutor’s Office

The table below provides a breakdown of the number of files and the total amount of terrorist financing and proliferation by Public Prosecutor’s Office. CTIF-CFI reported most of the files (86 %) to the Federal Public Prosecutor’s Office.

Judicial district	Total number 2014	Total number %	Total amount 2014⁽¹⁾	Total amount %
Federal Public Prosecutor’s Office	32	86,49	6,16	90,37
Brussels	2	5,41	0,31	4,54
Oost-Vlaanderen (Dendermonde)	1	2,70	0,24	3,59
Luxembourg (Neufchâteau)	1	2,70	0,10	1,43

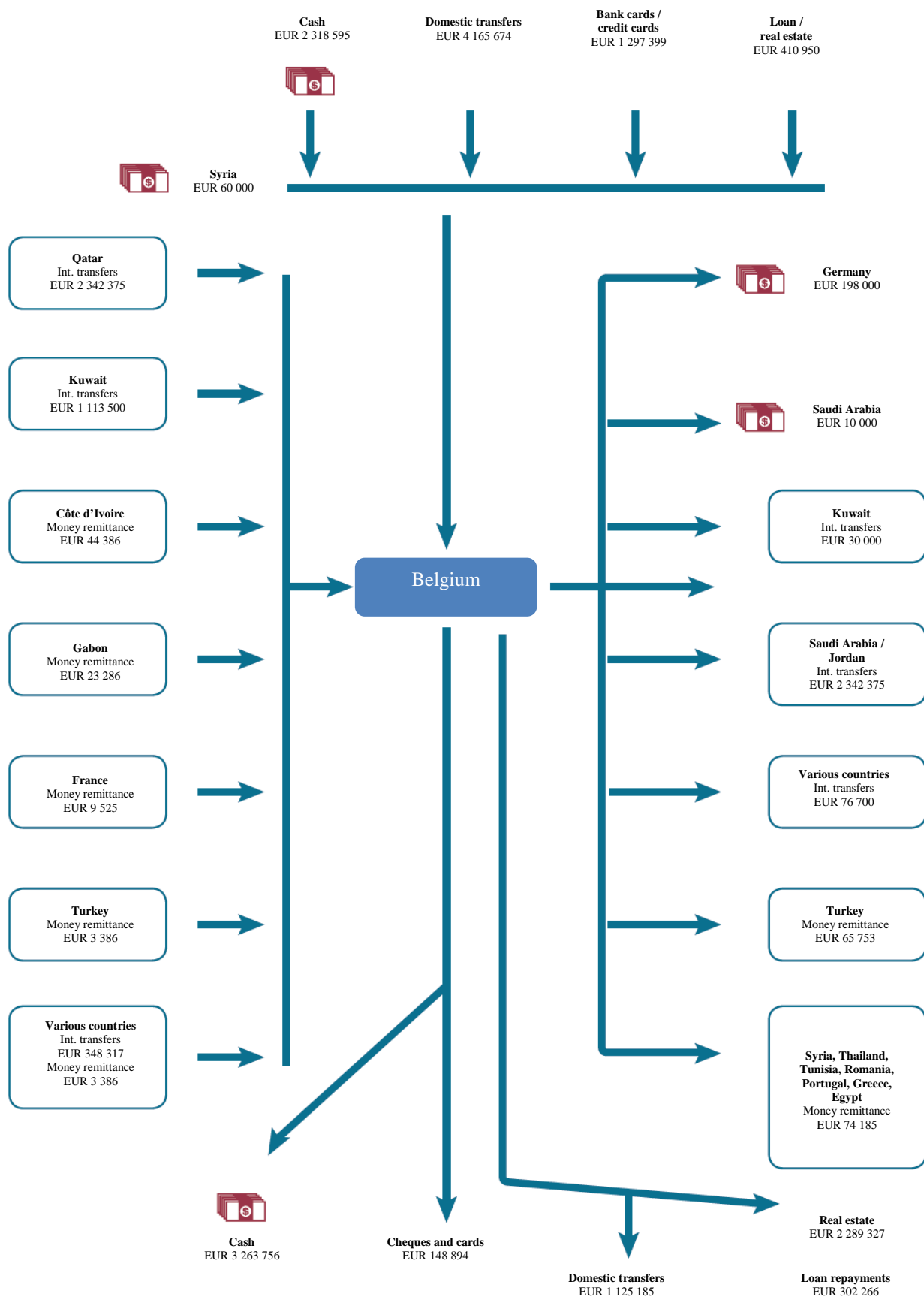
West-Vlaanderen (Kortrijk)	1	2,70	0,01	0,07
Total	37	100	6,82	100

⁽¹⁾ Amounts in million EUR.

2.9.3. Financial flows

The diagram below clarifies the financial flows in the files that CTIF-CFI reported to the judicial authorities because of terrorist financing. The diagram below contains all financial flows in these files, as a result the amounts in this diagram may be higher than in the tables listing the statistics. As in previous years, a large part of the incoming and outgoing transactions were carried out in cash. Domestic transfers were also important.

The international transfers mainly originated from Qatar and Kuwait, and were subsequently transferred to Kuwait and Saudi Arabia.



2.10. Corruption and politically exposed persons

2.10.1. Statistics

In 2014, CTIF-CFI reported 12 money laundering files to the judicial authorities related to corruption, for a total amount of EUR 8,90 million.

	2012	2013	2014	% 2014
Number of files	15	9	12	1,06
Amounts ⁽¹⁾	84,32	6,06	8,90	1,13

⁽¹⁾ Amounts in million EUR

2.10.2. Public Prosecutor's Office

Geographical breakdown of the number of files and the total laundered amount reported in 2014 related to corruption 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 (58,35%, representing more than half of the reported amount) to the Public Prosecutor's Office in Brussels.

	Total number 2014	Total number %	Total amount 2014 ⁽¹⁾	Total amount %
Brussels	7	58,35	5,97	67,07
Hainaut	2	16,66	1,63	18,30
Mons	1	8,33	1,60	17,99
Charleroi	1	8,33	0,03	0,31
West-Vlaanderen (Kortrijk)	1	8,33	0,90	10,11
Liège (Liège)	1	8,33	0,37	4,18
Oost-Vlaanderen (Gent)	1	8,33	0,03	0,34
Total	12	100	8,90	100

⁽¹⁾ Amounts in million EUR.

2.10.3. Cases

Case 1 – Corruption and international transfers

Company A, located in Belgium, trading in safety equipment, was said to have signed contracts with African countries.

At the end of a contract between company A and Mr X (business agent), the latter received a commission of up to 25% if he managed to win a contract for company A. The customers were government bodies, public or private companies, police forces, armed forces, customs and excise administration.

Mr X was also a member of parliament in an African country and member of the commission defence and security.

More than USD 7 000 000,00 was transferred to company A's account by order of a central bank. Reference was made to agricultural equipment, camp beds or shoes. Some of these purchases allegedly did not go through an open tendering procedure, but were arranged through Belgian (Mr Y, former manager of company A) or African (including Mr X) intermediaries. These intermediaries were said to have received substantial commissions.

The debit transactions consisted of international transfers to Mr X in Africa for a total amount of nearly USD 2 million. Reference was made to invoices.

In addition, Mr X received some EUR 50 000,00 through money remittance from company A's manager.

Taking into account that this African country is greatly affected by corruption²⁰, the financial flows in this file could be related to laundering the proceeds of corruption. Moreover, Mr X has held an important position since January 2012, even though the financial transactions started in June 2012.

Case 2 – Embezzlement of public funds

Company A was the Belgian subsidiary of company B, a French company trading in military equipment, also in Africa. Company A's accounts were used as transit accounts. Large sums of money were transferred between these companies and company B, mainly involving counterparties in Africa. It was unusual that part of these funds were transferred to counterparties in Africa and Asia (to company C), with Mr X as the beneficiary.

Mr X featured in several judicial investigations in France related to laundering embezzled public funds.

Using multiple accounts and transactions between company A in Belgium and the French account of parent company B hampered any future investigations. The funds from counterparties in Africa could be related to the alleged embezzlement of public funds by Mr X. The funds were laundered through transfers to a company in Asia with Mr X as the economic beneficiary.

²⁰ According to Transparency International's 2013 Corruption Perceptions Index this country is among the 25 most corrupt countries in the world.

V. JURISPRUDENCE OF COURTS AND TRIBUNALS

First of all it should be noted that this section on jurisprudence of courts and tribunals, containing judgments passed in 2012, 2013 and 2014 (the previous annual reports did not include a section on “Jurisprudence”) only refers to part of the decisions by courts and tribunals regarding the powers of CTIF-CFI and does claim to be scientific.

One of this year’s decisions discussed below relates to terrorism and terrorism financing.

We will only discuss final judgments relating to files reported to the judicial authorities due to serious indications of money laundering, irrespective of whether or not these indications were taken into account by the judge.

In most cases money laundering was taken into consideration as a predicate offence.

Judgment of the Court of Appeal of Brussels of 10 October 2013

In this judgment the Court of Appeal of Brussels²¹ passed judgment on the proceedings against a lawyer, his partner and the company they had set up for (1) forgery and use of forged documents with fraudulent intent to deprive minors temporarily under guardianship of the lawyer of their goods, (2) embezzlement to the detriment of these individuals and (3) laundering the proceeds of aforesaid embezzlement in accordance with Article 505, first subparagraph 3° (they who purchase, receive in exchange or free of charge, possess, keep or manage the items mentioned in Article 42, 3°, even though they knew or should have known of the origin of these items at the time these acts commenced) and 4° of the Criminal Code (they who conceal or disguise the nature, origin, location, disposition, movement or ownership of the items mentioned in Article 42, 3° even though they knew or should have known of the origin of these items at the time these acts commenced). The embezzled funds were used to purchase moveable property and real estate, set up the company and fund the family’s high standard of living.

CTIF-CFI had identified money laundering transactions, which were mentioned in the judgment, and reported these to the judicial authorities, i.e. transfers and cash withdrawals using the lawyer’s personal accounts, one of these accounts had previously received funds embezzled to the detriment of people under temporary guardianship.

After most of the charges against the lawyer²² of forgery, the use of forged documents and embezzlement were considered proved, the Court of Appeal judged the laundering of the goods and funds from embezzlement to the detriment of persons under guardianship. The court stressed the amendment to Article 505, first subparagraph, 4° by the Law of 10 May 2007 on various measures as regards handling stolen goods and seizure, requiring the accused to know the origin of the laundered assets *from the start of the money laundering transactions*. In this case the period of infringement was between 1996 and 2011, and, in accordance with the principle of retroactivity of a more lenient criminal code, as stated in Article 2 of the Criminal Code, the Court of Appeal decided that the current version of Article 505, first subparagraph, 4° is applicable with a more restrictive and therefore more favourable conditions for criminalisation for the accused.

The Court of Appeal ruled that the charges of money laundering against the lawyer were proved as he placed proceeds of embezzlement in the economic system and transformed them in order to conceal or disguise their illegal origin, and he knew this origin from the start of the money laundering transactions. His partner and his company were acquitted of these charges.

²¹ As the lawyer’s partner was a justice of the peace proceedings were immediately commenced at the Court of Appeal, in accordance with Article 479 et seq of the Code of Criminal Procedure.

²² His partner was acquitted of all charges.

The Court of Appeal ordered the direct confiscation of an equivalent amount of EUR 8.124.125,72 for the assets directly obtained through embezzlement, the substituted goods and values and the revenues of the invested assets.

The court noted that direct confiscation and confiscation of an equivalent amount, subject to the rights of third parties is compulsory for goods that can be confiscated and can refer to goods that the accused does not own.

For all charges considered to be proved the lawyer was sentenced to 5 years' imprisonment (part of it a suspended sentence) and a fine of EUR 50.000,00.

Judgment of the Court of Appeal of Brussels of 12 September 2012

In this judgment the court judged the appeal lodged against the judgment of 18 June 2009 by three individuals accused of numerous facts committed during a "rip deal". The victim of this type of fraud is led to believe that euros can be changed into American dollars at a very favourable exchange rate, but is in fact given fake dollars, which are robbed by the fraudster's accomplices shortly after the transaction to erase all material evidence of the fraud.

One of the appellants prosecuted for money laundering in accordance with Article 505, first subparagraph, 3° of the Criminal Code. He was said to have invested proceeds of fraud into a business and a building, after having moved these illegal funds abroad. CTIF-CFI reported these transactions to the judicial authorities.

Following the confirmation that the accused was involved in this "rip deal", the court decided that everything seemed to indicate that the amounts invested in the business and the building were of illegal origin. It could not be denied that the accused made at least EUR 2.350.000,00 through this fraud and was unable to explain which legitimately obtained funds he would use to invest in a business and a building. The court deduced the intent to conceal the illegal origin of these funds from the fact that the funds were channelled through a foreign account first, without any economic rationale.

The Court of Appeal confirmed the judgment of 18 June 2009 and ruled that money laundering charges against the accused were proved.

For all these charges the Court of Appeal sentenced the accused to five years' imprisonment and a fine of EUR 1.000,00. The court also ordered the confiscation of an equivalent sum of EUR 2.139.500,00 directly obtained through the fraud, of the substituted goods and values and the revenues of the invested assets, i.e. the building and the furniture in this building²³.

Judgments of the Court of first instance of Brussels of 21 May 2014 and 14 October 2014

These two judgments clearly illustrate how challenging combating terrorist financing or the financing of terrorist organisations really is for intelligence services and the judicial authorities. This challenge was recently highlighted in the "White paper on criminal money" which was published for CTIF-CFI's twentieth anniversary.

Terrorism and terrorist financing are entirely different from other money laundering predicate offences, in most files that CTIF-CFI forwards to the judicial authorities with this type of offences (be it financing a specific terrorist act or financing terrorist organisations): the detected amounts are fairly low and are no indicator of the impact on society. In addition, terrorism is often found to be financed through legitimate sources, such as social benefits or donations to charities misused by terrorist groups.

²³ In the judgment of 27 February 2013 (P.12.1698.F) the Court of Cassation quashed the decision of the Court of Appeal to confiscate the proceeds of the sale of the furniture in the building on procedural grounds.

In this case several defendants were prosecuted by the Criminal Court of Brussels for partaking in activities of a terrorist group, Al-Shabaab in Somalia, criminalised by Articles 139 and 140²⁴ of the Criminal Code. They were accused of either having fought directly for Al-Shabaab, or providing help or assistance of any kind to the cell and/or group that left for a war zone.

The aggravating circumstance for one of the accused was that he acted as the leading member of the group.

After ruling that the organisation Al-Shabaab was a terrorist group as stated in Article 139, first subparagraph of the Criminal Code, the court examined the various ways of the accused of taking part in this group's activities, such as financial support, fundraising and financing fighters in Somalia. The court ruled that the individual accused of being the leader of the terrorist group not only raised funds enabling and facilitating other accused to leave for Somalia, but that after having left for Somalia he continually and systematically raised funds in Belgium to finance his subversive activities. The Court, to different extents, also took into account financing of terrorism by the other accused.

The facts highlighted by the court illustrate some forms of financing terrorist groups: small amounts – ranging from EUR 100,00 to over EUR 4.000,00 were collected from relatives of those who had left for Somalia and were sent via various intermediaries using money remittance.

CTIF-CFI reported the money remittance transactions conducted by the accused using Western Union to the judicial authorities.

In the judgment of 21 May 2014 the Criminal Court of Brussels ruled that the charge of partaking in terrorist group activities was proved and sentenced the accused to lengthy prison sentences and fines. The individual accused of being the leader of the group was sentenced to twenty years' imprisonment and a fine of EUR 3.000,00.

Three of the accused sentenced by default (including the individual accused of being the leader of the group) lodged an objection against the judgment of 21 May 2014. In the judgment of 14 October 2014 the Criminal Court of Brussels confirmed their participation in the activities of the terrorist group Al-Shabaab, including financing of this group, but slightly lowered the penalties of some of the accused.

Judgment of the Court of Appeal of Brussels of 26 February 2013

This judgment ended a long judicial procedure that commenced in 2003. The accused, managers of diamond companies, were prosecuted by the Criminal Court of Antwerp for forgery and use of forged documents to fraudulently conceal the original and the actual value of the traded diamonds and evade the taxes to be paid. In reality the diamonds came from areas of conflict, mainly Angola. They were also accused of laundering diamonds of illegal origin in accordance with Article 505, first subparagraph, 2° to 4° of the Criminal Code. Only the charges of money laundering pursuant to 3° and 4° of the first subparagraph of Article 505 were considered proved in first instance in the judgment of 8 January 2009. They were given prison sentences and the court ordered special direct confiscation of an equivalent amount totalling USD 11.789.908, to be converted into EUR, equivalent to the unpaid taxes.

In 2008, CTIF-CFI reported some of the transactions on the personal account of one of the accused to the judicial authorities due a possible link with proceeds of illegal trade in diamonds.

²⁴ Article 140 § 1 Any person taking part in any activity of a terrorist group, including by providing information or material resources to a terrorist group, or by any form of financing any activity of a terrorist group, knowing that his participation contributes to committing a crime or offence by a terrorist group, shall be punished by five to ten years' imprisonment and a fine of EUR 100 to 5000.

§ 2. Any leader of a terrorist group shall be punished by fifteen tot twenty years' imprisonment and a fine of EUR 1000 to 200 000.

An appeal was lodged against the judgment of 8 January 2009 and in its judgment of 16 December 2009 the Court of Appeal of Antwerp ordered the confiscation of the illegally traded diamonds. This appeal was partially quashed by the judgment of the Court of Cassation of 18 May 2010, ruling that in appeal proceedings judges could not impose a fiscal fine for facts considered to be proved. This illegality resulted in the annulment of the penalty, the fees, and the contribution to the Fund for financial assistance to victims of deliberate acts of violence and to persons who assist them, yet without quashing the guilty verdict. The special confiscations ordered by the Court of Appeal of Antwerp with regard to the penalty were therefore annulled by the judgment of 18 May 2010.

The Court of Appeal of Gent, to which this confined case had been sent, ruled in the judgment of 17 February 2011 that the special confiscation ordered by the Court of Appeal of Antwerp had not been quashed and could no longer be contested. The accused lodged another appeal against this ruling and the Court of Cassation quashed this judgment in the judgment of 8 November 2011 but did not rule on the special confiscation (nor on the ban from his profession).

The Court of Appeal of Brussels, to which this confined case had been sent, only needed to rule on the special confiscation ordered by the Public Prosecutor and the professional bans of the accused. The court ruled on this in its judgment of 26 February 2013.

The Court of Appeal ruled that the fact that the goods to be confiscated were part of third-party assets did not hamper the confiscation. The court ordered the confiscation of the diamonds that had been illegally imported to Belgium.

Judgment of the Court of first instance of Brussels of 14 March 2013

In this judgment the court ruled on fraud involving two companies, including company C, and on laundering the proceeds of this fraud through the companies' accounts and managers. The bank employee who opened company C's accounts and the managers (using false identities) were also prosecuted.

CTIF-CFI had reported the money laundering transactions committed via company C to the judicial authorities: the case report was explicitly mentioned in the judgment of 14 March 2013.

Various types of fraud were brought to light in this case:

- Company C allegedly stole the identity of a French advertising company and C subsequently tried to sell advertising inserts to Belgian and French companies. Company C's Belgian account was one of the accounts to which money had to be transferred.
- The company was purportedly also used to defraud several dealers and leasing companies: C's managers were said to have received eleven vehicles with leasing contracts signed by company C, in the knowledge that this company did not intend or have the means to fulfil its obligations. These vehicles were then resold in Belgium or abroad whereas company C did not pay any rent and/or monthly instalments.
- Company C was also said to have drawn up fake pay slips to enable one of the accused to obtain car financing.

To launder the proceeds of fraud funds obtained through the fraudulent offer for advertising inserts were transferred to company C's account. The money from the car loan was also transferred to company C's account. The proceeds of the sale of a car obtained through the fraud described above were also transferred to this account from an account opened by one of the company's managers using a false name.

The funds were then withdrawn in cash or transferred to accounts opened by one of the company's managers using a false name.

The charges fraud and money laundering (in accordance with Article 505, first subparagraph, 3° of the Criminal Code) were considered proved. The court highlighted that company C, after having been taken over by one of the accused, intended to launder and commit fraud and run up debts that would not be paid back.

The accused were sentenced to imprisonment and fines in accordance with Article 42, 1°, and 505, sixth subparagraph, and confiscation was ordered in accordance with Article 42, 3° of the Criminal Code.

Judgment of the Court of first instance of Antwerpen (division of Turnhout) of 25 June 2014

The judgment illustrates the important role CTIF-CFI can play in commencing judicial proceedings. In this case CTIF-CFI reported a case to the judicial authorities on 1 September 2005 related to laundering the proceeds of the provision of unlicensed investment services.

The four individuals who featured in CTIF-CFI's report, not linked to Belgium in any way, opened accounts with the same bank. These accounts received large sums of money from an account in Hong Kong and a company in Spain. A total amount of EUR 3 805 770,06 was transferred to their accounts between March 2004 and April 2005.

These funds were either withdrawn in cash or transferred to counterparties in Germany, Spain or Luxembourg.

Information obtained by CTIF-CFI through international cooperation with counterpart FIUs revealed that some individuals could be linked to brokering activities. The company of one of the individuals in Spain received a warning from the Spanish authorities as this company did not have the required licence to provide investment services. This company's Spanish account received transfers from the above-mentioned company in Hong Kong.

CTIF-CFI's report concluded that the funds transferred to the accounts of these four individuals were the proceeds of the provision of unlicensed investment services.

After CTIF-CFI reported this case to the judicial authorities an judicial inquiry was opened and the four individuals who featured in CTIF-CFI's file prosecuted for being a member of a criminal organisation (charge B) with the aim of committing crimes referred to in charge C, i.e. laundering as referred to in Article 505, first subparagraph, 2°, 3°, and 4° of the Criminal Code. One of them was also charged with forgery and the use of forged documents with the fraudulent aim of concealing the illegal origin of funds channelled through his account (charge A).

The investigation revealed that the four were involved in "boiler-room fraud". Investors are sold, generally over the phone, fairly unknown shares, which are usually worthless or do not exist. The fraudsters pretend to be licensed services providers whereas in reality they are not licensed investment companies or credit companies at all. The Financial Services and Markets Authority frequently publishes warnings about this type of fraud.

In this case the non-existent shares were sold over the phone from Spain and the United Kingdom to hundred of investors. They were often asked to pay for these shares through an account in Hong Kong.

In a first judgment of 20 June 2013, given by default, the Criminal Court ruled that all charges were proved and sentenced the four individuals to two years' imprisonment (and a fine for the one accused of charge A). The court also ordered the laundered funds to be confiscated.

One of the accused lodged an appeal. In this legal remedy the court emphasized that a conviction for money laundering does not require that the predicate offence be specifically identified, as far as any legal origin can be excluded. The court ruled that the accused could not provide any convincing explanation for a potential legal origin of the funds, and ruled that the two charges (B and C) were proved. The accused was sentenced to a prison sentence of one year and the laundered amount of EUR 90 529,96 was confiscated (i.e. the amount mentioned in CTIF-CFI's report for the transfers to his Belgian account). The court ruled that a total amount of EUR 3 805 770,06 had been laundered and explicitly referred to CTIF-CFI's report.

VI. OTHER ACTIVITIES

1. Judgments 13/2015 and 41/2015 of the Constitutional Court: dismissal of the appeals lodged against the term “serious fiscal fraud, whether organised or not”

The term “serious fiscal fraud, whether organised or not” was included in the Law of 11 January 1993 when amended by the Law of 15 July 2013 on urgent fraud prevention measures²⁵. In Articles 5, § 3, 1° and 28 of the Law of 11 January 1993 the term “serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension” was replaced. The Law of 15 July 2013 also inserted the term “serious fiscal fraud, whether organised or not” in Articles 43^{quater} and 505 of the Criminal Code.

The aim of this amendment was to have the definition of fiscal fraud in the Law of 11 January 1993 comply with the FATF’s revised recommendations, which require criminalizing “serious tax crimes”. The term “serious and organised fiscal fraud setting in motion complex mechanisms or using procedures with an international dimension” seemed too restrictive.

Through the Law of 17 June 2013²⁶ the legislator introduced the new term “serious fiscal fraud, whether organised or not” into various tax codes and fiscal laws, aimed at increasing the criminal penalties for serious offences.

The preparatory parliamentary proceedings of the Law of 17 June and 15 July 2013 stated that the seriousness of the tax crime is mainly based on the production and/or the use of forged documents, as well as the large amount of a transaction and the unusual nature of this amount in view of the customer’s activities or assets. The Law of 15 July 2013 also referred to the occurrence of one of the indicators of the Royal Decree of 3 June 2007 implementing Article 28 of the Law of 11 January 1993 on preventing use of the financial system for purposes of money laundering and terrorist financing.²⁷

An appeal was lodged with the Constitutional Court to annul Articles 98 to 105 of the Law of 17 June 2013. The requesting party *asbl Ligue des Contribuables / vzw Liga van belastingplichtigen* [the non-profit organisation Taxpayers’ League] argued that the term serious fiscal fraud did not meet the requirements of precision and predictability resulting from the principle of legality in criminal cases, as there is no definition of this term, and in particular what is to be understood by “serious”. It would therefore be impossible for taxpayers to determine in which cases fiscal fraud is “serious” and adapt their behaviour accordingly to avoid potential sanctions.

The Constitutional Court dismissed this appeal in its judgment 13/2015 of 5 February 2015.

The court first highlighted the scope of the principle of legality in criminal cases:

“The principle of legality in criminal cases (...) stems from the idea that the wording of the criminal code should be such that anyone, at the time of engaging in a specific conduct, can establish whether or not such conduct constitutes a criminal offence. The legislator must therefore specify, using sufficiently precise terminology that ensures legal certainty, which facts shall be criminal offences in order for the person to adequately determine beforehand what the criminal consequences of this conduct shall be, while not leaving an excessively great measure of discretion to the judge.

²⁵ Belgian Official Gazette *Moniteur Belge / Belgisch Staatsblad*, 19 July 2013, especially Articles 2 and 5.

²⁶ Law of 17 June 2013 on fiscal and financial provisions and provisions of sustainable development, Belgian Official Gazette *Moniteur Belge / Belgisch Staatsblad*, 28 June 2013, especially Articles 98 and 105

²⁷ *Parl. Doc.* , Belgian Federal Parliament, session 2012-2013, number 53-2756/1, page 60 and *Parl. Doc.*, Belgian Federal Parliament, session 2012-2013, number 53-2763/1, page 5.

Yet the principle of legality in criminal cases does not prevent the law from giving the judge a measure of discretion. The general nature of laws, the various situations in which they apply and the evolution of the penalised conduct should be taken into account.

The requirement that an offence must be clearly defined in the law is met when a person seeking justice, based on the wording of the provision in question and, if required, with the help of the interpretation thereof of courts of law, which acts and omissions entail criminal liability”²⁸

The court therefore ruled that, although the term “serious fiscal fraud, whether organised or not” leaves a great measure of discretion to the judge, it does not give him the autonomous power to criminalise, which would infringe the powers of the legislator. “*The legislator may, without violating the principle of legality, actually task a judge with assessing the degree of seriousness when punishable conduct leads to harsher penalties*”. The judge should first assess the seriousness of the punishable conduct by taking into consideration objective elements, specific circumstances of the case and the principle of restrictive interpretation applicable in criminal law.

The court ruled that the contested provisions of the Law of 17 June 2013 enable the offender of fiscal fraud to be sufficiently informed about the criminal consequences of his conduct. The term “fiscal fraud, whether organised or not” is therefore compatible with the principle of legality in criminal cases.

The violation of the principle of legality in criminal cases was also mentioned in two appeals²⁹ to annul the provisions of the Law of 15 July 2013 related to the term “serious fiscal fraud, whether organised or not” in the Law of 11 January 1993 and the Criminal Code. The requesting parties claimed that the term, especially the “serious” nature of the fraud is not clearly described or clarified in the law or in the preparatory parliamentary proceedings, leaving an excessively great measure of discretion to the judge and making it impossible for them to assess which conduct should be adopted to avoid any sanctions.

The Constitutional Court dismissed this appeal in its judgment 41/2015 of 26 March 2015.

After stating the following: “*Non-compliance with the obligations of institutions and persons subject to the Law of 11 January 1993 is punishable by a fine. This fine can amount to EUR 1 250 000 and is of mainly deterrent nature, so the description of non-compliance should meet the principle of foreseeability of offences*”³⁰, the court ruled that the term “serious fiscal fraud, whether organised or not”, is identical to the one in the Law of 17 June 2013.

The court concluded that, given that in the judgment 13/2015 of 5 February 2015 ruled that the term “serious fiscal fraud, whether organised or not” in the Law of 17 June 2013 does not violate the principle of legality in criminal cases, this reasoning must be applied to the appeal against the Law of 15 July 2013.

The court ruled that the Law of 15 July 2013 did not violate the principle of equality and non-discrimination as no distinguishing criterion was used based on the size of the assets or the assets of customers conducting transactions that could potentially be disclosed to the FIU.

The term “serious fiscal fraud, whether organised or not”, as used in the Law of 11 January 1993, meets the requirements of foreseeability and precision of the principle of legality in criminal cases.

²⁸ Ground of the judgment B.16.

²⁹ The two appeals, lodged by the *Orde van Vlaamse balies* [Flemish Bar Council] and Edgar Boydens, and by *vzw Belgische Federatie van de Financiële Sector* [the non-profit organisation Belgian Financial Sector Federation], *vzw Belgische Vereniging van Banken en Beursvennootschappen* [the non-profit organisation Belgian Bankers’ and Stockbroking Firms’ Association] and the certified professional association *Beroepsvereniging van het Krediet* [Professional Association of Credit] were joined.

³⁰ Ground of the judgment B.10.

2. The Fourth European Directive

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

The proposal for a new Directive published in February 2013 repeals the third AML/CFT Directive, Directive 2005/60/EC of 26 October 2005³¹ on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing as well as Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC³².

The final text of the fourth AML/CFT Directive was adopted and should be published in the summer of 2015.

The new directive will subsequently have to be transposed into Belgian law before becoming applicable in Belgium.

3. Evaluation of Belgium by the FATF

In 2014, the technical compliance and effectiveness of Belgium with regard to combating money laundering, terrorist and proliferation financing was evaluated by the FATF. The mutual evaluation report was recently published on the FATF's website.

Up to 2013, mutual evaluations were only based on the technical compliance of legislation and regulation with regard to the FATF standards (40+9 Recommendations and Recommendations revised in 2012). In 2013, an important aspect of "effectiveness" was added to the evaluation methodology.

The technical compliance of a country is evaluated for each recommendation based on the legislation and regulations applicable in that country. The effectiveness is evaluated based on the country's results. The effectiveness is evaluated based on 11 immediate outcomes: 1. Risk, policy and coordination, 2. International cooperation, 3. Supervision, 4. Preventive measures, 5. Legal persons and arrangements, 6. Financial intelligence (FIU), 7. Money laundering investigation and prosecution, 8. Confiscation, 9. Terrorist financing investigation and prosecution, 10. Financial sanctions, 11. Proliferation financing financial sanctions.

The evaluation methodology contains two types of ratings. For technical compliance the ratings are: non-compliant (NC), partially compliant (PC), largely compliant (LC) and compliant (C). With regard to effectiveness the ratings are high, substantial moderate and low.

Belgium was one of the first four countries to be evaluated using the new methodology as part of the fourth round of evaluations by the FATF. As the FATF standards did not include a "transitional period" Belgium, -like the other three countries among the first countries to be evaluated- had very little time to transpose the new FATF recommendations revised in 2012 and meet the stricter requirements in terms of effectiveness.

Nor was a transitional period introduced for the new evaluation methodology, which is much more complex as it now has two parts. When the methodology was approved in 2013, it was immediately used to evaluate Spain and Norway, followed by Australia and Belgium.

Understandably there was a "run-in period", which is still ongoing and which was not always favourable to the countries among the first to be evaluated.

³¹ Official Journal of the European Union, L 309, 25 November 2005, page 15

³² Official Journal of the European Union, L 214, 4 August 2006, page 29

Belgium strongly defended its position with the FATF to ensure a fair and equitable evaluation with regard to the first countries to be evaluated, as well as the countries to be evaluated in the future and which will be able to take advantage of the “transitional or run-in period” to comply with the standards.

Following this evaluation Belgium will have to submit an annual follow-up report with the recommendations that were made.

The Belgian AML/CFT regime currently has a number of shortcomings with regard to the technical compliance with the FATF’s recommendations of 2012. Belgium does not challenge this.

These shortcomings are largely due to the fact that the FATF’s standards of 2012 were not transposed into Belgian law. As a Member State of the European Union Belgium preferred to await the adoption of the fourth AML/CFT Directive before amending the Belgian AML/CFT system.

Despite these technical shortcomings the FATF considered that Belgium has a good level of effectiveness: Belgium was given four “substantial” ratings for essential parts of its AML/CFT regime: understanding money laundering and terrorist financing risks; coordinating the fight against money laundering, terrorist financing and proliferation financing; international cooperation and the prosecution of terrorist financing.

Belgium understands the money laundering and terrorist financing risks very well and coordinates the fight against money laundering, terrorist financing and proliferation financing very well. Belgium’s effectiveness was rated substantial.

The vast majority of sectors subject to the AML/CFT system (financial sector and non-financial professions) assess and understand the money laundering and terrorist financing risk very well, although some sectors still need to make an effort to monitor on an ongoing basis the evolution of the risks they face. Over the years the sectors subject to the AML/CFT law have developed high-quality mechanisms and procedures.

All sectors subject to the AML/CFT law are currently subject to AML/CFT controls.

In some sectors, however, the AML/CFT controls should be increased to improve the AML/CFT regime, especially with regard to the procedure for disclosure to CTIF-CFI. This is the case in the financial sector: the supervisory authorities should carry out many more on-site inspections, in accordance with their risk assessment conducted for each institution that is checked. The quality of disclosures of some disclosing entities in the sector of international money remittance should be improved as their disclosures are too much based on indicators or exceeding thresholds without assessing to which extent these transactions are suspicious.

This is also the case for some non-financial professions, which should enhance their role in the fight against money laundering and terrorist financing by submitting more disclosures to CTIF-CFI.

The FATF also calls on Belgium to review its system of administrative sanctions for non-compliance with the Law of 11 January 1993 to make sanctions more dissuasive. The current sanctions do not suffice to dissuade non-compliant disclosing entities, which make large profits conducting transactions in violation with the law.

The cooperation between Belgium and its international partners is excellent. The quality and effectiveness of our international cooperation (at every level) was acknowledged by the FATF and major Belgian partners.

The effectiveness of the financial intelligence unit (CTIF-CFI) was repeatedly highlighted in the evaluation report. The FATF calls on the judicial authorities to make more use of CTIF-CFI's information to increase the criminal justice response rate.

The report highlighted that the judicial authorities deliver high-quality work with the limited financial resources allocated to them. There is by no means a problem in term of effectiveness of the judicial authorities but there is a lack of resources. The effectiveness of the judicial authorities could be increased if they were to be given sufficient resources.

The FATF recommends increasing the transparency of legal arrangements in Belgium. The company register *Banque Carrefour des Entreprises / Kruispuntbank van Ondernemingen* already took measures to improve the quality of the information on legal persons it collects and publishes. A new system of administrative sanctions was recently adopted to sanction managers and directors who do not spontaneously update information on managers and directors of companies and their registered office. In July 2013 a provision was adopted enabling the company register to withdraw a company that did not submit its annual accounts in the last three years, without any additional procedures.

The FATF considered the fight against terrorism and terrorist financing, a competence of the Federal Public Prosecutor's Office, the Coordination Organ for Threat Analysis, the State Security Department and the federal police, to be highly effective. The FATF stressed the high effectiveness of the Federal Public Prosecutor's Office, the federal police, the State Security Department and the Coordination Organ for Threat Analysis, the excellent understanding of the current terrorist and terrorist financing risks and the effective coordination between all parties involved in combating terrorism and terrorist financing. The FATF did state that Belgium should continually reassess whether the Federal Public Prosecutor's Office and the intelligence services have access to sufficient resources.

The FATF also found that Belgium has an up-to-date legislative framework to seize and confiscate proceeds of crime. Through concrete examples the FATF was able to establish that confiscations were followed by recovery, yet due to a lack of statistics of the Central Office for Seizure and Confiscation the FATF could not reach final conclusions on the effectiveness of seizure and confiscations.

As to the freezing of terrorist assets and financial sanctions for financing of proliferation the Belgian system was penalised due to delays of the European Union in transposing sanctions of the United Nations for asset freezing and proliferation financing. As a consequence of the European delays in transposing, Belgium does not freeze the assets of persons on United Nations sanction lists without delay.

The FATF also concluded that Belgium did not implement the Royal Decree of 28 December 2006 by drafting a "Belgian list" of alleged terrorists whose assets must be frozen in Belgium. Belgium preferred to strengthen the system for combating terrorism, terrorist financing and proliferation financing and to make use of the judicial system to freeze or seize assets of alleged terrorists. The results achieved by the judicial authorities in terms of combating terrorism and terrorist financing are very satisfactory and remedy the weaknesses or shortcomings with regard to asset freezing and financial sanctions on terrorist financing.

Based on the FATF's findings Belgium already started remedying the shortcomings highlighted by the FATF. An action plan was developed, which will be adopted by the government shortly.

4. Strategic analysis

CTIF-CFI set up a department for strategic analysis a number of years ago. Strategic analysis is the proactive analysis of money laundering and terrorist financing trends to complement and enhance the operational work of financial analysts and issue appropriate recommendations on internal policy and legislation, when appropriate.

CTIF-CFI has been conducting general typological analysis of files reported to the judicial authorities ever since commencing its operations in 1993, providing a clear insight into the money laundering techniques used in these files. The identified typologies were discussed and presented in annual reports and shared with foreign partners in international forums, such as the FATF typologies group and the Egmont Group's Operational Working Group. Typological analysis provides very valuable information, but has the disadvantage that this is always an *a posteriori* analysis of the techniques used in a case. The financial and economic crisis that started in 2007 once again demonstrated that evolutions in society can have a great impact in the scope and nature of the laundering process. In order to effectively combat money laundering and terrorist financing it is important to be able to anticipate future social and financial trends. CTIF-CFI's operations and general policy can then be geared to these evolutions in order to detect new money laundering techniques in time.

CTIF-CFI therefore set up a strategic analysis department in 2009 to complement typological analysis, aimed detecting new money laundering trends and techniques. There has also been a growing international interest in strategic analysis in recent years. When the FATF Recommendations were revised in 2012 the importance of strategic analysis for FIUs was stressed in the interpretative note of Recommendation 29. The fourth European AML/CFT Directive also repeatedly refers to the risk-based approach and the role of strategic analysis in this regard.

By using strategic analysis CTIF-CFI aims to detect new ML/TF trends as quickly as possible, in order to adapt its operations and general policy to these threats. As CTIF-CFI is a financial intelligence unit, it mainly holds financial information to which more general information should be added to gain a broader insight into a new *modus operandi*. Close cooperation with other domestic and foreign authorities is therefore important, in addition to quantitative and qualitative analysis of CTIF-CFI's own files. Money laundering is an international issue and Belgium often faces the same problems as neighbouring countries.

In 2014, the strategic analysis department focussed on combating terrorist financing. The issue of "foreign fighters" who join Islamic State (IS) to fight in Syria and Iraq was of great importance in 2014.

CTIF-CFI received several disclosures related to individuals who had left to fight in Syria. The amounts involved in these files are usually limited to a few thousand EUR, which cannot compare with the financing capabilities of IS in the region under its control, but they do enable the fighters to finance their trip and join the terrorist group. The financial analysis is not directly relevant to counter the financing of IS itself, but through network analysis it provides insight into the structures facilitating departures for Syria. CTIF-CFI actively contributed to national and international cooperation in this regard. CTIF-CFI attended meetings on the "Plan against Radicalisation" organised by the Coordination Organ for Threat Analysis, the intelligence services and the police. The department has also been taking part in the weekly coordination meeting on terrorism hosted by the Federal Public Prosecutor's Office since September 2014. At international level CTIF-CFI contributed to projects of the Egmont Group, the FATF and the European Union to investigate the financing of IS.

In 2014, the strategic analysis department further examined new payment methods, including Bitcoin as the most striking example. Contrary to some neighbouring countries, the number of disclosures in which Bitcoin is used still remains fairly low. New payment methods are becoming increasingly important and will lead to a number of legal and technical challenges for supervisory authorities.

The use of legal arrangements to conceal the beneficial owner of funds of illegal origin is a recurring issue in CTIF-CFI's files. CTIF-CFI contributed to an international FATF project examining which measures can be taken to increase the transparency of legal arrangements. Although a trust as a legal arrangement does not exist in Belgium, foreign trusts can operate in Belgium. Several of CTIF-CFI's files also featured foreign companies such as UK Limited Companies, either directly or as an associate of a limited partnership, used to conceal the beneficial owners of the arrangement.

As was the case in recent years CTIF-CFI again received a large number of disclosures related to "mass fraud", where a large group of potential victims is contacted online with a request to send money abroad (the reasons may vary: profitable business offer, potential relationship). It is often difficult to prosecute such cases as the perpetrators can remain anonymous and usually operate abroad. A preventive approach aimed at raising awareness of potential victims and exchanging information on the modus operandi between competent authorities are critical success factors to tackle the laundering of proceeds of this predicate offence. CTIF-CFI cooperates with the Directorate-General Enforcement and Mediation (DGEM) of the Federal Public Service Economy, which chairs the "National Coordination Platform against Mass Fraud" and in 2014 started developing a "mass fraud contact centre" where information and complaints linked to this type of fraud will be compiled.

5. The Egmont Group

The Plenary Meeting of the Egmont Group in 2014 was held in Lima, Peru.

Various topics were tabled and discussed at this meeting, such as the main AML/CFT challenges for FIUs, international cooperation and information exchange.

320 participants from FIUs of 115 countries and jurisdictions, 15 international organisations and other agencies took part in the 22nd plenary meeting of the Egmont Group. This meeting was co-chaired by Mr Murray MICHELL, Head of the South African FIU FIC and Mr Sergio ESPINOSA, Head of the Peruvian FIU (UIF-Peru). The FIUs of Angola, Brunei Darussalam, Chad, Ghana, Jamaica, Namibia, Sint Maarten and Tanzania were accepted as new members of the Egmont Group.

Training sessions on specific topics were organised, such as the role of FIUs in anti-corruption and asset recovery, new payment methods followed by terrorist financing, the role of FIUs in conducting national risk assessments, international cooperation between French-speaking FIUs and public/private partnership.

6. International cooperation

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

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

The operational cooperation with foreign FIUs is usually based on written agreements between different FIUs (MOU or Memorandum of Understanding). Sometimes requests for information are sent to FIUs with which no MOU has been signed when this is useful for operational purposes and when the exchanged information is protected by strict confidentiality. It should nevertheless be stressed that information is always exchanged in a secure way. The exchanged information may never be used without prior consent of the FIU providing the information and permission may only be granted on the basis of reciprocity.

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 foreign FIUs that a file was reported and links were identified with the country of this foreign FIU, even if CTIF-CFI did not query the FIU beforehand. Conversely, CTIF-CFI received information from foreign FIUs on individuals with an address in Belgium who fell prey to fraud in the country of that FIU or with warnings³³ for specific fraud schemes. CTIF-CFI also considers this exchange of information to be spontaneous information exchange.

³³ Warnings or information on money laundering techniques are published on CTIF-CFI's website or its annual report.

6.1. Breakdown of the requests for information received from counterpart FIUs in 2014

In 2014, CTIF received and processed 424 requests for assistance from counterpart FIUs.

	MOU ⁽¹⁾	2014
Luxembourg	22/04/1999	106
Netherlands	29/06/1995	65
France	01/02/1994	64
Jersey	14/07/2000	19
Italy	15/05/1998	10
United States	08/07/1994	10
Guernsey	27/09/2000	10
Germany	19/12/2000	8
Malta	23/01/2003	7
Singapore	07/09/2001	7
United Kingdom	24/05/1996	7
Austria	17/10/2000	6
Gibraltar	17/10/2000	6
Monaco	02/10/2000	6
Romania	27/11/2000	6
Spain	16/12/1996	6
Greece	08/10/1999	5
Democratic Republic of the Congo	27/09/2011	4
Isle of Man	-	4
Israel	28/06/2002	4
Hungary	18/01/2000	3
Poland	20/03/2002	3
Russia	12/12/2002	3
Seychelles	-	3
Switzerland	16/07/1999	3
Brazil	23/07/1999	2
Cyprus	09/10/1998	2
Finland	29/10/1998	2
Ireland	17/10/2000	2
Norway	07/06/1995	2
Portugal	05/03/1999	2
Serbia	20/02/2004	2
Slovakia	06/06/2000	2
Sweden	22/03/1996	2

Albania	-	1
Argentina	24/06/2004	1
Aruba	14/06/2004	1
Australia	23/06/1997	1
Bahamas	30/11/2001	1
Bahrain	-	1
Bulgaria	02/03/1999	1
Burkina Faso	11/03/2011	1
Cameroon	-	1
Canada	02/01/2003	1
Côte d'Ivoire	-	1
Curaçao	07/06/2002	1
Dominican Republic	-	1
Egypt	-	1
Georgia	08/08/2005	1
Japan	27/06/2003	1
Kyrgyzstan		1
Lebanon	10/09/2002	1
Liechtenstein	15/03/2002	1
Mauritius	14/11/2005	1
Moldova	07/12/2007	1
Montenegro	-	1
Niger	-	1
Nigeria	-	1
Saint Vincent and the Grenadines	-	1
South Korea	11/02/2002	1
Sri Lanka	16/06/2010	1
Thailand		1
Tunisia	05/05/2011	1
Turkey	04/05/2012	1
Ukraine	19/09/2003	1
Total		424

⁽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.

6.2. Breakdown of the requests for information sent to counterpart FIUs in 2014

In 2014, CTIF-CFI sent 1.207 requests for information to counterpart FIUs.

	MOU ⁽¹⁾	
Netherlands	29/06/1995	226
France	01/02/1994	195
United Kingdom	24/05/1996	69
Germany	19/12/2000	50
Luxembourg	22/04/1999	48
Spain	16/12/1996	44
Russia	12/12/2002	36
Hong Kong	21/12/1998	30
Turkey	04/05/2012	28
Morocco	26/08/2010	25
Romania	27/11/2000	25
United States	08/07/1994	24
Italy	15/05/1998	23
Cyprus	09/10/1998	22
British Virgin Islands	02/02/2001	21
Bulgaria	02/03/1999	19
Switzerland	16/07/1999	19
Poland	20/03/2002	18
Greece	08/10/1999	16
Portugal	05/03/1999	15
United Arab Emirates	26/05/2009	15
Monaco	02/10/2000	13
China	05/11/2008	12
Democratic Republic of the Congo	27/09/2011	11
Canada	02/01/2003	9
Denmark	30/03/1998	9
Hungary	18/01/2000	8
Ireland	17/10/2000	8
Singapore	07/09/2001	8
Ukraine	19/09/2003	8
Jersey	14/07/2000	7
Tunisia	05/05/2011	7
Austria	17/10/2000	6
Israel	28/06/2002	6
Latvia	27/07/1999	6

Malta	23/01/2003	6
Australia	23/06/1997	5
Isle of Man	-	5
Seychelles	-	5
Brazil	23/07/1999	4
India	-	4
Lebanon	10/09/2002	4
Mauritius	14/11/2005	4
Nigeria	-	4
Panama	03/05/2001	4
Saudi Arabia	-	4
Thailand	24/04/2002	4
Algeria	27/04/2010	3
Estonia	20/11/2000	3
Finland	29/10/1998	3
Malaysia	-	3
Mexico	27/01/2000	3
Peru	07/10/2005	3
Philippines	02/02/2012	3
Serbia	20/02/2004	3
Slovakia	06/06/2000	3
Sweden	22/03/1996	3
Taiwan	-	3
Albania	-	2
Argentina	24/06/2004	2
Bahamas	30/11/2001	2
Cayman Islands	-	2
Czech Republic	17/11/1997	2
Egypt	-	2
Guernsey	27/09/2000	2
Kazakhstan	-	2
Macedonia	21/10/2008	2
South Africa	29/07/2003	2
South Korea	11/02/2002	2
Venezuela	06/08/2003	2
Armenia	-	1
Barbados	-	1
Belarus	-	1
Belize	-	1

Benin	15/10/2010	1
Bermuda	30/06/2005	1
Bosnia and Herzegovina	-	1
Burkina Faso	11/03/2011	1
Cameroon	-	1
Colombia	06/06/2002	1
Costa Rica	-	1
Curaçao	07/06/2002	1
Dominican Republic	-	1
Gibraltar	17/10/2000	1
Indonesia	01/02/2005	1
Japan	27/06/2003	1
Liechtenstein	15/03/2002	1
Lithuania	18/10/1999	1
Marshall Islands	-	1
New Zealand	-	1
Norway	07/06/1995	1
Qatar	-	1
Saint Kitts and Nevis	-	1
Slovenia	23/06/1997	1
Sri Lanka	16/06/2010	1
Uruguay	-	1
Uzbekistan	-	1
TOTAL		1.223

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.

6.3. Technical assistance

In 2014, CTIF-CFI gave presentations during training sessions for compliance officers in the financial and non-financial sector and counterpart FIUs. In 2014, CTIF-CFI received a delegation from Indonesia, Japan, Cape Verde and Cuba for a training session.

7. Magistrates' training

In 2014, CTIF-CFI welcomed five magistrates for a two or three-day training course on money laundering and terrorist financing prevention as part of their judicial training. CTIF-CFI also took part in various seminars organised by the Institute for Judicial Training IGO-IFJ.

VII. ANNUAL ACCOUNTS CTIF-CFI

Balance sheet on 31 December 2014

Assets				Liabilities			
Fixed assets			629.453,83	Equity capital			3.306.573,74
II.	Intangible fixed assets		53.111,83	IV.	Reserves		3.306.573,74
III.	Tangible fixed assets		483.040,00				
	<i>Office furniture, computing equipment and rolling stock</i>	408.746,94					
	<i>Other tangible fixed assets</i>	74.293,06					
IV.	Financial fixed assets		93.302,00				
Current assets			3.172.071,59	Debts			494.951,68
VII.	Receivables within one year		586.066,42	IX.	Debts payable within one year		494.951,68
	<i>Contributions</i>	248.554,61			<i>Commercial debts</i>	75.804,27	
	<i>Advances</i>	33.024,88			<i>Personnel expenses</i>	419.147,41	
	<i>Other receivables</i>	304.486,93					
VIII.	Cash investments		1.085.039,02				
IX.	Cash and cash equivalents		1.495.466,63				
			5.499,52				
X.	Prepayments and accrued income						
Total assets			3.801.525,42	Total liabilities			3.801.525,42

Profit and loss account		
I.	Operating income and expenses	
	Contributions	5.102.270,13
	Other operating income	6.978,35
	Services and other goods	-1.030.510,53
	Personnel expenses	-3.816.924,66
	Depreciation	<u>-269.375,03</u>
	Operating result	-7.561,74
II.	Financial income and expenses	
	Financial income	9.791,87
	Financial expenses	<u>-2.230,13</u>
	Result to be allocated	0,00

Unqualified adoption of the annual accounts for 2014 by the auditor BDO Atrio, represented by Mr André KILESSE.

GLOSSARY

This glossary defines the various terms used in CTIF-CFI's Annual Report 2014.

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.

Counterpart FIU: foreign financial intelligence unit exercising functions similar to those of CTIF-CFI and subject to equivalent obligations with regard to professional secrecy.

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 law³⁴.

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

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

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

³⁴ Cf. Article 2, Article 3 and Article 4 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation.

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 customer³⁵:

1. Acceptance of deposits and other repayable funds from the public.
2. Lending
3. Financial leasing
4. The transfer of money or value
5. Issuing and managing means of payment (e.g. credit and debit cards, cheques, traveller's cheques, money orders and bankers' drafts, electronic money).
6. Financial guarantees and commitments
7. Trading in:
 - (a) money market instruments (cheques, bills, CDs, derivatives etc.);
 - (b) foreign exchange;
 - (c) exchange, interest rate and index instruments;
 - (d) transferable securities;
 - (e) commodity futures trading
8. Participation in securities issues and the provision of financial services related to such issues
9. Individual and collective portfolio management
10. Safekeeping and administration of cash or liquid securities on behalf of other persons
11. Otherwise investing, administering or managing funds or money on behalf of other persons
12. Underwriting and placement of life insurance and other investment related insurance
13. Money and currency changing

FIU: Administrative, judicial, police or hybrid authority responsible for receiving, analyzing and disseminating disclosures from institutions and persons subject to the AML/CFT law³⁶.

Freezing order: decision to oppose execution of any transaction for a maximum of five working days starting from the time of notification, should CTIF-CFI deem such action necessary due to the seriousness or urgency of the matter³⁷.

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

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

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

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

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

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

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

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

³⁶ Cf. Article 22 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation.

³⁷ Cf. Law of 11 January 1993, Article 23, § 2 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation.

Nigerian scam (419 fraud), advance fee scam, mass marketing fraud: types of fraud where potential victims get a very profitable offer, usually 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 refers to the following professions³⁸:

- a) Casinos (which also includes Internet casinos).
- b) Real estate agents.
- c) Dealers in precious metals.
- d) Dealers in precious stones.
- e) Lawyers, notaries, other independent legal professionals and accountants – this refers to sole practitioners, partners or employed professionals within professional firms. It is not meant to refer to “internal” professionals that are employees of other types of businesses, nor to professionals working for government agencies, who may already be subject to measures that would combat money laundering.
- f) Trust and Company Service Providers refers to all persons or businesses that are not covered elsewhere under these Recommendations, and which as a business, provide any of the following services to third parties:

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

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

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

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

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

Politically Exposed Person (PEP): individual who is or has been entrusted with prominent public functions in a foreign country, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executive of state-owned corporations or important political party official³⁹.

³⁸ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org.

³⁹ Cf. Glossary FATF 40 Recommendations – www.fatf-gafi.org and Article 12 § 3 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation.

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

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

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

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

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

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

Supervisory authority: (semi-) public authority responsible for supervising or checking institutions or persons referred to in AML/CFT law⁴⁰.

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

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

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

⁴⁰ Cf. Article 38 and 39 of the Law of 11 January 1993 – www.ctif-ctif-cfi.be – Legal provisions – Belgian legislation.

BELGIAN FINANCIAL INTELLIGENCE PROCESSING UNIT

Gulden Vlieslaan 55, bus 1 – 1060 Brussel – Belgium
Avenue de la Toison d’Or 55, boîte 1 – 1060 Bruxelles – Belgium

Phone: +32 (0)2 533 72 11 – Fax: + 32 (0)2 533 72 00

Email: info@ctif-cfi.be – <http://www.ctif-cfi.be/>

Published by: Jean-Claude DELEPIÈRE
Gulden Vlieslaan 55, bus 1 – 1060 Brussel – Belgium
Avenue de la Toison d’Or 55, boîte 1 – 1060 Bruxelles – Belgium

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

