

## News: Terror, crime financing cases double in 2009

Financial transactions relating to crime and terror as also the menace of fake currency notes spread like weeds in 2009, mainly through the nation's banking channels. Important highlights of the FIU India report published are as under:

- Over 4,000 suspicious financial transactions relating to crime and terror, numbers were reported double as compared to 2008. Of these, banks reported 2,286, financial institutions – 841 and intermediaries, 742.
- Fake currency categories of banks rose to four times as 35,730 reports were registered and sent to the government as compared to 2007-08 where such reports were just 8,580. The face value of fake currency reported till March 2009 was pegged at INR 70 million.
- On further analysis of these 35,730 reports, private banks reported 29,846 (83%) cases, public sectors banks reported 396 (1.10%) and foreign banks filed 5,4229 (15.2%).
- To identify patterns of money laundering, terrorist financing and other economy related crimes, Government scanned 55 million cash transactions containing at least INR 551 billion in them.
- Over a three year period, the number of CTRs filed by co-operative banks and regional rural banks

## In brief

### 25 years for partner in USD 194 million Florida fund fraud

A partner in KL Group, a now-defunct Florida hedge fund company, was sentenced to nearly 25 years in prison for a scheme that defrauded investors of USD 194 million.

Won Sok Lee and two other men, brothers Jung Bae Kim and Yung Bae Kim, ran a number of hedge funds in Florida and Nevada under the umbrella of KL Group. The men claimed Jung Bae Kim had invented a proprietary day trading system and told investors their flagship KL Group Fund earned in excess of 100 per cent per year. In reality, the KL funds lost money and used new investors' funds "in Ponzi scheme fashion" to make payments to previous shareholders.

Lee was indicted in 2006 on nearly three dozen

rose from 25,000 in 2006-07 to 158,015 in 2007-08 to 300,000 in 2008-09.

- The government also received 69 requests for information from foreign FIUs while it sent 17 such request to other countries.
- Various enforcement agencies like the Central Board of Direct Taxes, Central Board of Excise and Customs, Narcotics Control Bureau, Central Bureau of Investigation, Intelligence Bureau and the Enforcement Directorate were sent 2,450 Suspicious Transaction Reports (STRs) for further action by the FIU this year.
- The FIU-IND also received 232 references from country's intelligence and enforcement agencies for want of financial information and links from the agency's huge database.

#### **News: China publishes its first anti-money laundering strategy**

China's central bank and the Anti-Money Laundering Ministerial Joint Conference have jointly issued China's first anti-money laundering strategy.

With approval from China's State Council, the China 2008-2012 anti-money laundering strategy focuses on the terrorism financing network. The Strategy states that the general goal of the country's anti-money laundering work is to set up a highly efficient anti-money laundering mechanism with Chinese characteristics by 2012.

The central bank says that China's anti-money laundering unit will mainly do the following: consummate anti-money laundering criminal laws, build national anti-terrorism financing network, improve anti-money laundering supervision, establish non-financial industry anti-money laundering system, strengthen exchanges between departments, train anti-money laundering experts; and participate in international cooperation, and the making of relevant standards. The central bank states that any funds transferred overseas that are deemed criminal will be confiscated.

Su Ning, the vice president of the Central Bank, states that non-financial industries have become new

charges including conspiracy, wire fraud, mail fraud and money laundering was ordered to pay USD 78.5 million in restitution.

#### **Raise country risk on west african nations that are drugs conduit**

As Americans have, by and large, lost their taste for dangerous drugs, European consumers have become targeted of late by South American narco-traffickers. Cocaine and other illicit substances are increasingly traveling eastward, from Colombia and Venezuela, into West Africa, where local law enforcement agencies are unable to interdict the flow into the EU, and where the money spawned by the traffic has increased corruption.

Two specific events are very disturbing: The recent reported delivery of drugs, into Mali, using a B727 airliner, and last year's interdiction of northbound drugs at the Mali-Algerian border.

#### **AML speak**

##### **Know Your Customer's Customer (KYCC)**

KYCC is used to describe a set of money laundering control policies and procedures used to determine the identities of the account

channels for money laundering in recent years. Therefore, the country plans to include such non-financial sectors as lottery and payment settlement organizations into the anti-money laundering system. Su disclosed that China had conducted anti-money laundering inspections on 3,317 financial institutions in 2009 and punished 563 finance agencies for violating the relevant rules.

holders of a respondent bank in a correspondent banking relationship or of the sub-account holders of a payable-through account.

For more AML speak, please click [here](#)

### Further reading

- [Ukraine: Regulation weaknesses underline need for deeper financial reform](#)
- [INTERPOL to help FIFA set up international taskforce against illegal betting](#)
- [Ken Thorne 'car supermarket' asset stripping brothers jailed](#)
- [Europol supports the disruption of an international skimming network](#)
- [UK and FATF issue warnings over money-laundering risks](#)

### For more information, please contact:

Sarabjeet Singh  
T: +91 3081 5044  
F: +91 3081 5000  
E: [sarabjeet.singh@bmr advisors.com](mailto:sarabjeet.singh@bmr advisors.com)

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