



**NATIONAL SEMINAR ON
ANTI MONEY LAUNDERING
& COUNTER
TERRORISM FINANCING 2013**



CASE STUDY ON AML/CFT

By

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INTRODUCTIONS:

Reviews of Money Laundering & Terrorism Financing

THE AFTERMATH

§ Aftermath 9/11 - tremendous efforts globally to curtail money laundering activities;



- § USA - exerting subtle pressures on anti-money laundering (AML) initiatives; and
- § Non-compliance – is not an option.

THE AFFECTS

- § **International Monetary Fund** - Volume of funds laundered – 2% to 5% of global gross domestic product;
- § Studies by **Masciandaro and Portolano (2003)**: money laundering threatens economic and financial systems in which:
 - Weakens the financial systems for global financial transactions;
 - Jeopardizing the socioeconomic development of nations – *e.g.: tarnished integrity discourage foreign investment.*

THE SIGNIFICANTS

- § **Central Bank of Malaysia (2010)** - RM25 millions in dirty money, via money laundering activities goes out of the country on a weekly basis through loopholes in banking system – ***illegal remittance system – HAWALA SYSTEM.***
- § Proliferation of money laundering globally due to liberalization of markets and deregulation of exchange controls.
- § Opened up channels for laundering dirty money and created more opportunities to hide its origins.

THE ROOTS

- § To remove or distance the illegal proceeds, ***e.g.: deposit of cash in numerous financial institutions*** - difficult to detect and prosecute the perpetrator;
- § To prevent the illegal proceeds from being confiscated;
- § To enable the criminal to enjoy the benefits of the illegal proceeds without being detected; AND
- § To reinvest the criminal proceeds into future criminal activity or in legitimate business. ***e.g.: Syndicated crimes – ALONG (Illegal Money Lender), or even terrorism financing.***

IMPLEMENTATION OF AML/CFT: *Strategies, Efforts & Measures*

THE GOVERNANCE

§ International, regional and specialized agencies:

- **Financial Action Task Force (FATF);**
- **United Nation (UN);**
- **International Monetary Fund (IMF);**
- **Asia Pacific Group (APG) etc.**

§ Domestic:

- **National Coordination Committee (NCC);**
- **High Level Working Group;**
- **Law Enforcement Working Group;**
- **Special Task Force, etc.**

THE EFFORTS

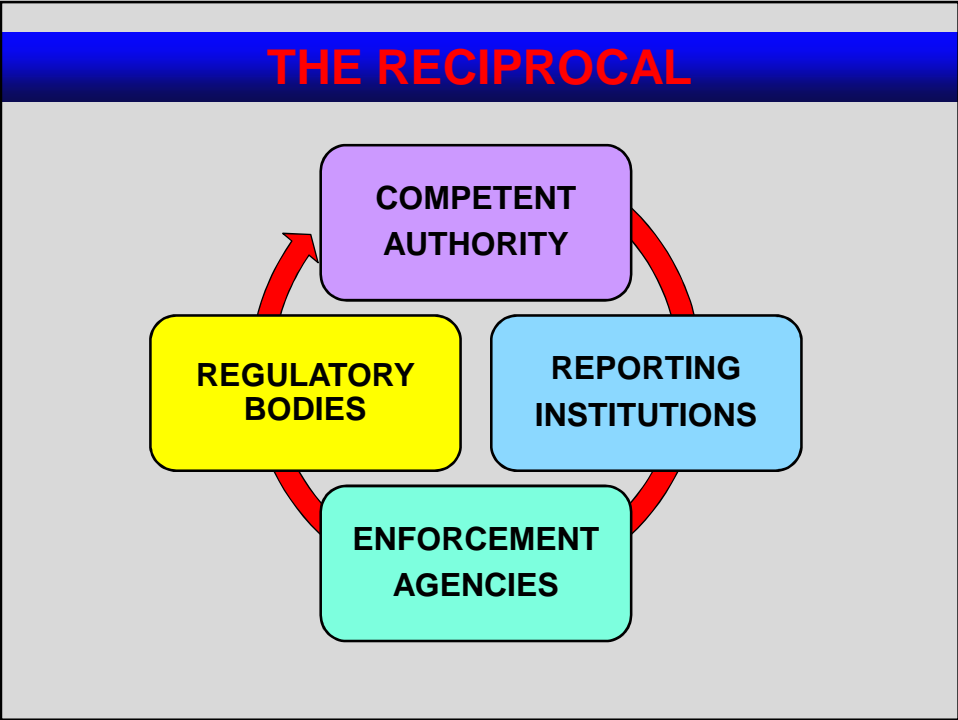
§ Adapt its legislation (**AMLATFA 2001**) to comply with international requirement – **parallel investigation provisions, revised of predicate offences: 286 offences into 42 legislatives;**

§ Develop or improve training programs for its law enforcement officers – **domestics or globally;**

§ To coordinate and cooperate among enforcement agencies - **effectiveness of law enforcement action;**

§ Establish a regulatory and supervisory mechanism for financial institutions (**FATF recommendation 11-13**);

§ Allow law enforcement personnel to identify, freeze or confiscate proceeds from money laundering activities (**FATF recommendation 7 and 35**).



INVESTIGATIONS:
Processes

INVESTIGATION FRAMEWORK

AML/CFT investigation processes can be categorized under THREE stages (OIC):

ORGANIZATION	<ul style="list-style-type: none">• Predicate Offences, Cut-Off Date, Quantify Ill-Gotten Gain, MO/Techniques, Suspect(s).
INVESTIGATION	<ul style="list-style-type: none">• Gather of Information, Evidences, Supporting Documents,• Identification of 'Subject Matter' - Asset Tracing, Property Tracking,• Freezing, Seizure of property/Business.
CONCLUSION	<ul style="list-style-type: none">• Prosecution• Forfeiture of Property• No-Further Action

THE LAWS

**ANTI-MONEY LAUNDERING
AND
ANTI-TERRORISM
FINANCING
ACT 2001
[AMLATFA 2001]**

THE OBJECTIVES: AMLATFA 2001

CRIMINALIZE

- Provide for the offence of Money Laundering & Terrorism Financing

PREVENTION

- Provide for the measures to be taken for prevention of Money Laundering & Terrorism Financing

FORFEITURE

- Provide for Forfeiture of property derived from, or involved in, Money laundering & Terrorism Financing

PREREQUISITE OF AN INVESTIGATION

Sec. 29(1)(b) AMLATFA 2001 - INVESTIGATION BY ENFORCEMENT AGENCY

- An Enforcement Agency having the power to enforce the law under which a related serious offence is committed has reason to suspect the commission of an offence under this act shall cause an investigation to be made and may exercise all powers of investigation under this act.

Sec 30 AMLATFA 2001 - APPOINTMENT OF INVESTIGATING OFFICER

- The relevant Enforcement Agency may appoint its employee or any other person to be an investigating officer.

INVESTIGATIVE PROVISIONS

1. **Freezing: section 44**
 - all assets / properties for a duration not more than 90 days.
2. **Seizure: section 45, 46, 50, 51, 52.**
 - all assets / properties for a duration not more than 12 months.
3. **Forfeiture of Property: section 55, 56..**
 - Court judgment related to assets / properties that been seized by enforcement agency .

CASE STUDY:

***AML Cases &
Cases in relation to NPOs***



THE CASE: DR HAMIMAH CHEATING & FALSIFICATION

OFFENCE : SEC. 4(1)(a) AMLATFA 2001
ACCUSED : DR HAMIMAH BT IDRUS

FACTS OF THE CASE :
 Accused, a medical doctor, falsified financial documents and Promissory Notes which resulting a sum of RM 42 million been transferred into her own account.

Prosecution against accused was initiated for eight counts of money laundering offences. Assets and property worth RM 34.9 million was seized.

Accused was found guilty and sentenced to 8 years of imprisonment for eight count of offences prosecuted.
 Besides, accused was ordered to pay a sum of RM 5.3 million under a pecuniary order.

THE CASE: INVENTQ JAYA (IQJ) INVESTMENT FRAUD

OFFENCE : SEC. 4(1)(a) AMLATFA 2001
ACCUSED : DR SADEQ FARIS – CEO IQJ

FACTS OF THE CASE:

Malaysia government through Ministry of Finance (MOF) invested into a business at Multimedia Super Corridor (MSC) to purchase eight high-tech patents from a company; Reveo Inc. in USA.

The investigation revealed the eight technologies that claimed to be a high-tech products are not-viable. Payment been paid by MOF to Reveo (USA) Ltd., Frazer Nash, and Reveo Bangalore.

ACTIONS:

Seizure of cash amounting to RM 56 million and other assets amounting to RM 2 million. Forfeiture of property initiated and seized assets return to Malaysia government.

THE CASE: BANK OF PUNJAB CROSS BORDER CRIMES

OFFENCE : SEC. 4(1)(a) AMLATFA 2001
ACCUSED : SHEIKH MOHD ASZAL (Pakistani)

FACTS OF THE CASE:

Accused falsified loan documents and cheated Bank of Punjab, Pakistan for a total sum of 15 Billion Rupee. Then, he transferred such money to Malaysia for investment.

As the investigation completed, a total sum of RM 15 million and several luxurious vehicles owned by accused were seized.

Forfeiture of property under section 56 AMLATFA 2001 was initiated against seized assets and properties owned by accused.

Assets and properties worth of RM 15 million was forfeited by court.

THE CASE: XXX EDUCATIONAL FOUNDATION

OFFENCE : SEC. 4(1)(a) AMLATFA 2001

FACTS OF THE CASE :

Mastermind, the Accountant of XXX Educational Foundation, falsified financial documents – Payment Vouchers & Cheques which resulting a sum of RM 8 million been withdrawn and deposited into several accounts belongs to his companies.

Ill-gotten gain have been used to fund his business investments.

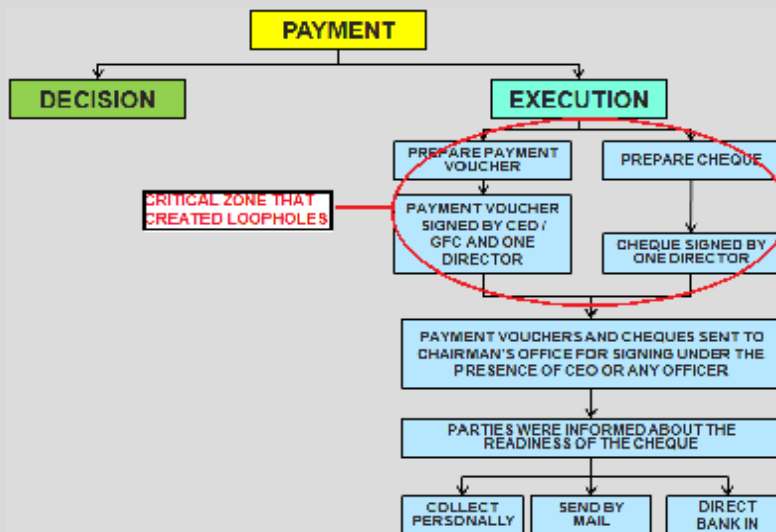
Six bank accounts were seized.

Assets and property worth RM 3.4 million was seized.

Mastermind absconded.

Total sum of RM 8 million was return to XXX Educational Foundation.

XXX EDUCATIONAL FOUNDATION: PAYMENT FLOW CHART



RMP IN ACTIONS:

Statistics & Successful Convictions

THE STATISTIC: INVESTIGATION PAPER (IP)

YEAR	2009	2010	2011	2012
Money Laundering	43	67	60	108
Terrorism Financing	-	7	8	-
TOTAL	43	74	68	108
STATUS OF INVESTIGATION PAPERS				
Under Investigation	10	34	49	83
Trial / Proceeding	23	20	12	22
No Further Action (NFA)	10	20	7	3

THE STATISTIC: FREEZING

YEAR	2009	2010	2011	2012
Total Bank Account / (RM)	1111 / (186,852,651.00)	76 / (3,415,615.00)	39 / (85,974,089.00)	188 / (10,354,539.74)
Cash (RM)	246,285.00	-	73,650.00	-
Vehicles (Unit)	282	13	19	56
House / Shop (Unit)	50	7	4	189
Land (Acre)	143	-	3	14
Shares (Unit)	258,266.00	-	2,528,402.00	-
Valuable Items (RM)	-	386,695.56 (ROLEX WATCH)	619,661.67 (BANKER CHEQUE)	-

THE STATISTIC: SEIZURE

YEAR	2009	2010	2011	2012
Total Bank Account / (RM)	638 / 65,156,033.00	97 / 11,766,419.72	95 / 9,291,055.24	104 / 84,852,736.53
Cash (RM)	246,285.00	95,807.00	73,650.00	-
Vehicles (Unit)	137	14	16	1
House / Shop (Unit)	23	4	3	81
Land (Acre)	151	-	-	2
Shares (Unit)	-	-	5,200,000.00	-
Valuable Items (RM)	-	-	422,695.56 (ROLEX WATCH)	-

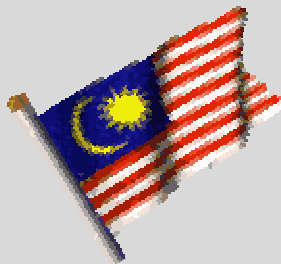
THE STATISTIC: FORFEITURE OF PROPERTIES

YEAR	2009	2010	2011	2012
(RM)	1,613,624.86	15,154,209.54	1,160,998.59	36,902,536.34

CONCLUSION

THE PRAISES

- Malaysia continues to make a broad and sustained effort to combat money laundering and terrorist financing flows within its borders;
- Its concerted efforts in reducing money laundering and terrorism financing has been praised;
- Asia Pacific Group (APG) on Money Laundering and the International Monetary Fund (IMF) have viewed Malaysia's AML/CFT initiatives as positive and proactive.



THANK YOU