

1. Typology

Scheme for money laundering using alternative remittance systems for the purpose of concealing the true origin of funds

1) Description of the Scheme

As a rule, offices and/or individuals in foreign countries (hereinafter the Organizer), organizations or natural persons holding bank accounts in the Republic of Armenia are engaged in such transactions. The transactions are conducted with the following scheme and series of steps:

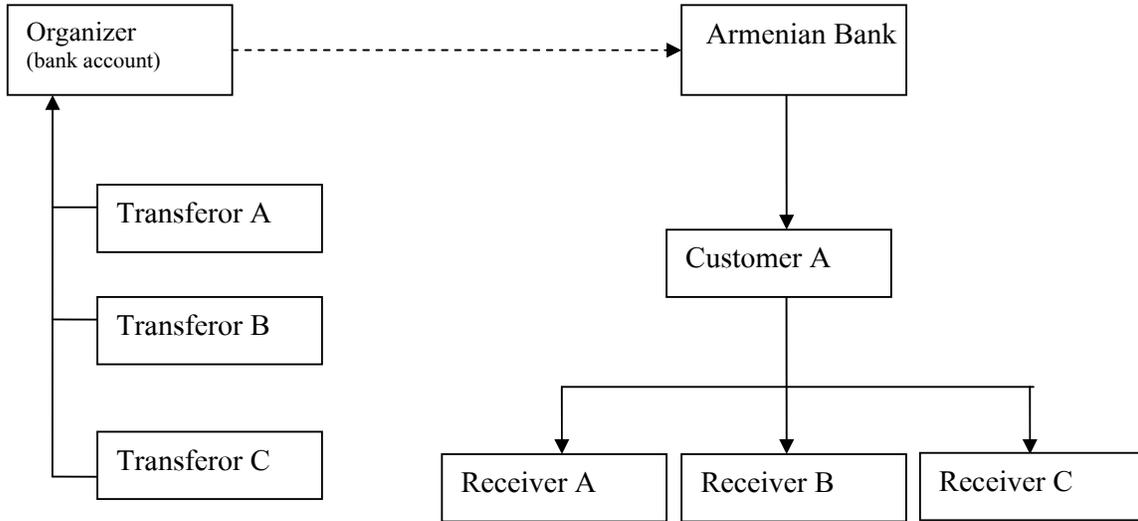
The Organizer accepts amounts of money from citizens and organizations of his/her country of operation which are aggregated into the bank account of the Organizer or persons related to him/her. With the next step, the mentioned funds are transferred with one or more transactions to a bank account of an organization (registered in a off-shore territory) or a natural person with a bank operating in the territory of Armenia. Particularly, when the funds are transferred for an organization, the purpose of the transfer is often indicated as supplying goods, providing services, payments for trading securities/bills of exchange, providing/repaying a loan, and when the transfer is conducted for a natural person, financial aid and other reasons are indicated as a purpose for the transaction.

Afterwards, as rule within one or a more days the received amounts are cash withdrawn from the bank account of the mentioned person by beneficiary legal or natural persons or the amounts are distributed into the bank accounts of legal or natural persons serviced within the same bank and afterwards are cash withdrawn by them.

The conducted examinations suggest that in relation to the aforementioned funds:

- It is impossible to verify the legality of the origin due to lack of relevant information, and
- Legal or natural persons receiving the amounts are not often the final beneficiaries for the funds which are in turn distributed to the final beneficiaries (according to the list received from the Organizer).

2) The mentioned type of operations are schematically illustrated below



- a. The Organizer accepts amounts of money from Transferors A, B, C,
- μ. The collected funds are placed on the bank account of the Organizer or a person related to him/her,
- b. Upon the payment order of the account holder the funds are transferred in full or in part to the bank account of an organization (registered in an off-shore territory) or a natural person with a bank operating in the territory of Armenia,
- c. The transferred funds are:
 - cash withdrawn from the bank account of the mentioned person, or
 - distributed to the bank accounts of legal or natural persons serviced within the same bank and afterwards are cash withdrawn by them (the final beneficiary of the transferred funds is either Customer A or the latter is an intermediary for distributing the funds among final beneficiaries Receiver A, Receiver B and others).

3) Conclusion

The operations conducted according to the illustrated scheme and series of steps may be aimed at concealing the origin, movement or true ownership (final beneficiaries) of proceeds.

In terms of examining transactions with elements of the illustrated scheme, special attention shall be drawn to **transactions when customers of financial institutions shall receive funds in average and large amounts.**

