

4. Typology

Scheme for money laundering using transactions of trading bills of exchange/securities for the purpose of concealing the true origin of funds and directions of actual movements thereof

Transfer of funds is provided between customers of the bank with the types of transactions under consideration concealing (modifying) the true origin of funds acting as means of payments and the actual movement or the true ownership thereof.

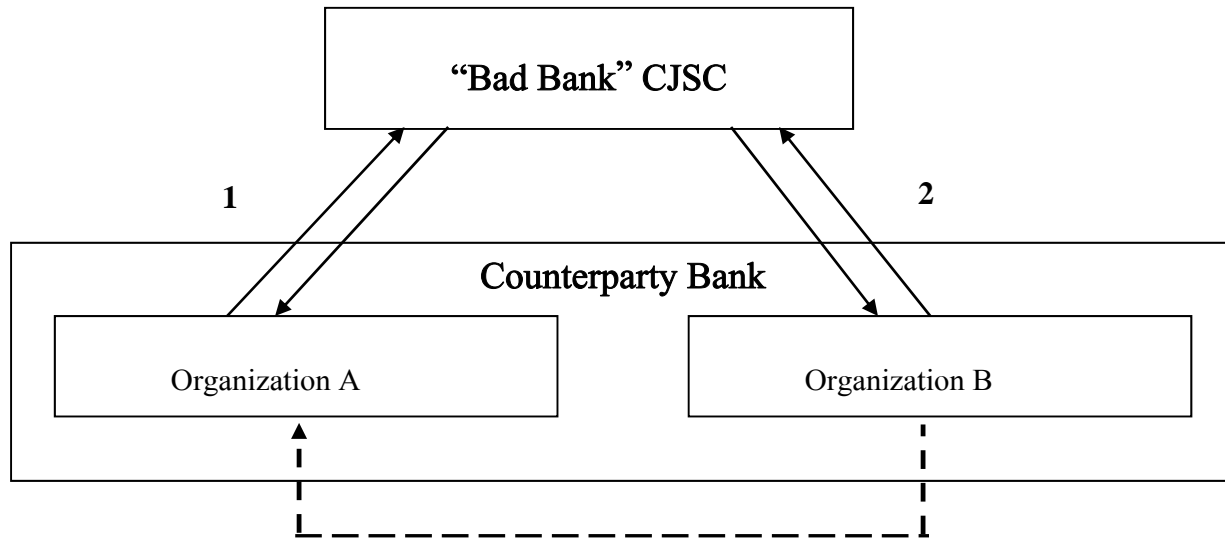
1) Description of the Scheme

The bank acquires bills of exchange/securities from an organization (e.g. Organization A), often issued by not prime companies, including also banks and other financial institutions. The acquired bills of exchange/securities are sold by the bank to another organization (e.g. Organization B) on the same day or the following short period. As a result, Organization B pays out and Organization A actually receives funds commensurate to the traded value of the bills of exchange/securities, though the transfer of these funds are reflected as separate transactions with the bank in the reports of each of the counterparties of the transaction, while in the reports of the bank the transactions are reflected as two separate transactions having nothing in common between two different business entities.

The purpose of engagement in such transactions for counterparties A and B is the concealment/modification of the movement of funds used as means of payments and the true ownership thereof. The bank in turn obtains income for providing intermediary services for ensuring the movement of funds in an amount commensurate to the difference in the buying and selling amounts of the securities.

Similar operations can be conducted through providing short-time credit to the buyer for the formation of sufficient funds to be used for purchasing bills of exchange/securities.

2) The mentioned type of operations are schematically illustrated bellow



- a. "Bad Bank" CJSC acquires bills of exchange/securities of different companies from a foreign bank customer Organization A,
- b. The acquired bills of exchange/securities are sold to another party serviced in the same or another foreign bank – Organization B on the same day or the following short period.

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 **bills of exchange/securities trading operations carried out by financial institutions.**

