

7. Typology

Money Laundering Scheme through Counterfeit Bank (Credit) Cards

1) Scope of Application

The scheme of transactions presented by this typology may be relevant for banks, which are reporting entities.

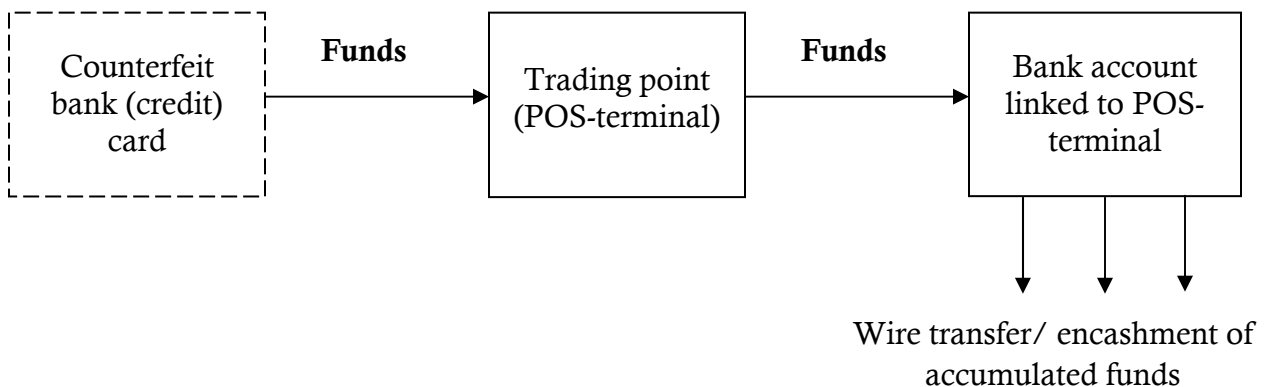
2) Description of Scheme

Transactions described in the typology below are usually carried out by means of counterfeit bank (credit) cards produced through illegal use of banking data of the customers of foreign banks. Such transactions are performed in the following sequence of actions:

- a. A POS-terminal is installed at a trading point of a commercial entity/ individual entrepreneur to enable non-cash payment against goods sold (services delivered);
- b. One or several customers make payments at the trading point by using counterfeit bank (credit) cards produced through illegal use of banking data of the customers of foreign banks; such payments may be made against factually or allegedly sold goods (delivered services)
- c. Funds generated by the transactions are accumulated on the bank account of the commercial entity/ individual entrepreneur linked to the POS-terminal;
- d. The accumulated funds are usually further channeled to financing regular activities of the commercial entity/ individual entrepreneur, by means of either wire transfers or encashment.

3) Schematic Illustration of Transactions

Schematic illustration of the transactions is presented below:



4) Conclusions

- a. Transactions carried out through the illustrated scheme and sequence of actions is aimed at concealing the origin, movement, or true ownership (final beneficiaries) of illegal proceeds (generated through card fraud).
- b. The following characteristics are typical for the transactions with counterfeit bank (credit) cards:
 - 1) Attempts of transactions are made within a short, unreasonable period of time (usually, several minutes);
 - 2) Several transactions with the same card are carried out one after another, some of them being attempts of transaction (for finding out the available balance on the card);
 - 3) Consecutively carried out transactions are either equal or proportionately diminishing in amount;
 - 4) Transactions are often carried out in “round” sums (e.g. AMD 300.000, AMD 100.000, AMD 50.000 etc);
 - 5) A number of transactions are carried out through the same POS-terminal, by means of one or several counterfeit cards.
- c. The following measures should be taken for preventing the ML/FT risks pertinent to the transactions described in the scheme above:
 - 1) Pay special attention to numerous consecutive transactions by the same card and at the same trading point;
 - 2) Depending on the type of activities of the trading point, pay attention also to the amounts of factually carried out or attempted transactions, comparing them with the amounts of transactions usually carried out at the given trading point.