



# Project against Economic Crime in Kosovo



*Modalities and best practices of  
administrative (informal)  
cooperation and exchange of  
information between FIUs*

**Lecturer**

Detective Chief Inspector Röth

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3. Objectives
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## 2. FIU Germany – Locations of BKA



Meckenheim

**BKA**

**BKA**



Wiesbaden



Berlin



## 2. FIU Germany

### Organisation of the German Police

#### **Fundamental principle:**

- Federal States (Länder) are in charge of police matters

#### **Exceptions:**

- Federal Criminal Police Office (*Bundeskriminalamt*)
- Federal Police (*Bundespolizei*)

#### **Relation to Intelligence Services:**

- Organisational separation



## 2. FIU Germany

### **BKA - SO32:**

Financial Intelligence Unit (FIU) Germany  
and

Joint Financial Investigation Group  
(Customs / Police):

- Clearing Teams (STR and other ML-/FT cases)
- Financial Investigation Teams



## 2. FIU Germany

combat money laundering – cooperating entities:

- Bundeskriminalamt
- Police forces of the „Länder“
- Public prosecutors
- Customs
- Tax offices (Länder)
- Regulatory authorities (e.g. Germanys central bank -> Bundesbank)
- Obligated entities
- Secret services

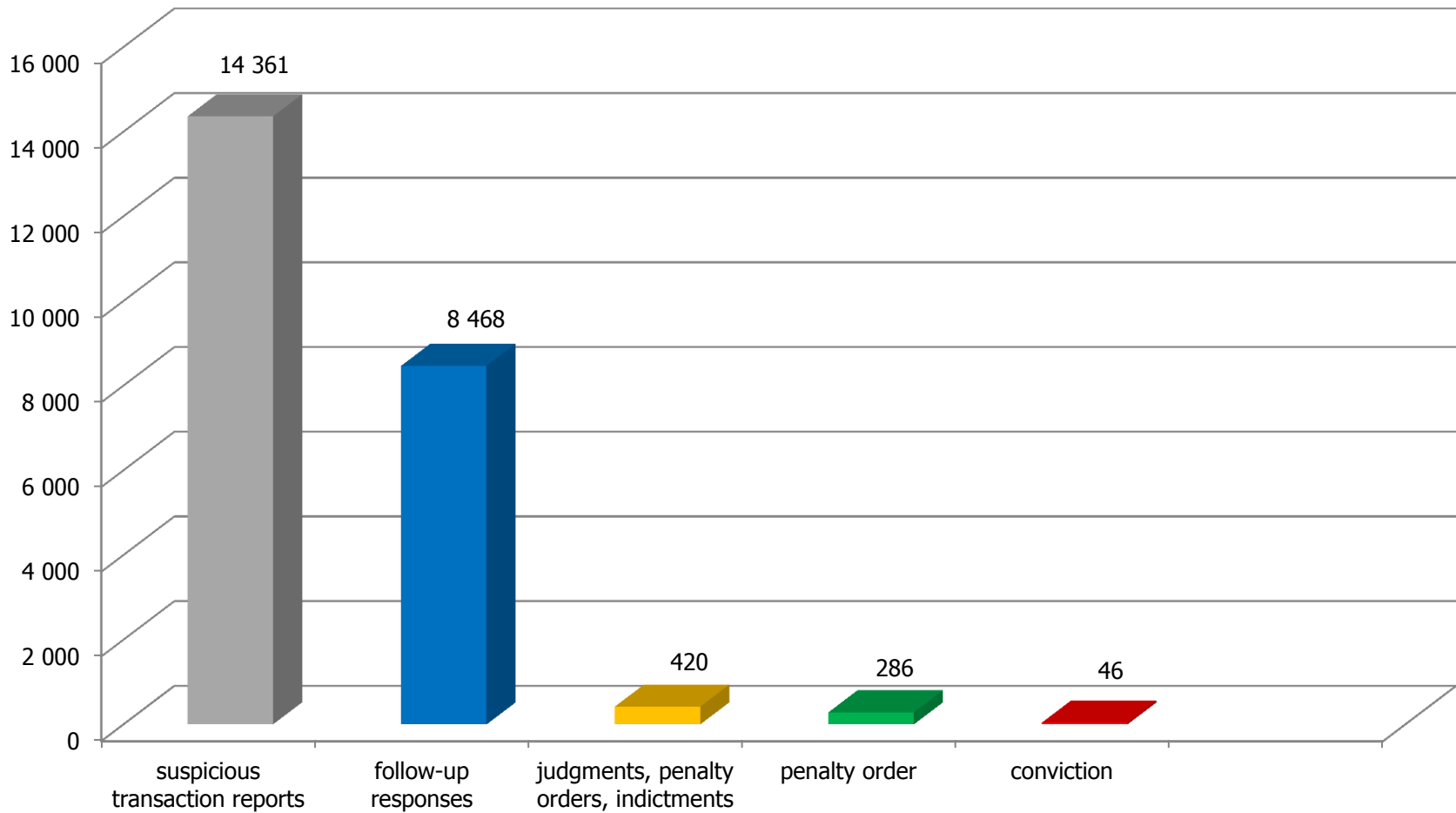


## 2. Figures FIU

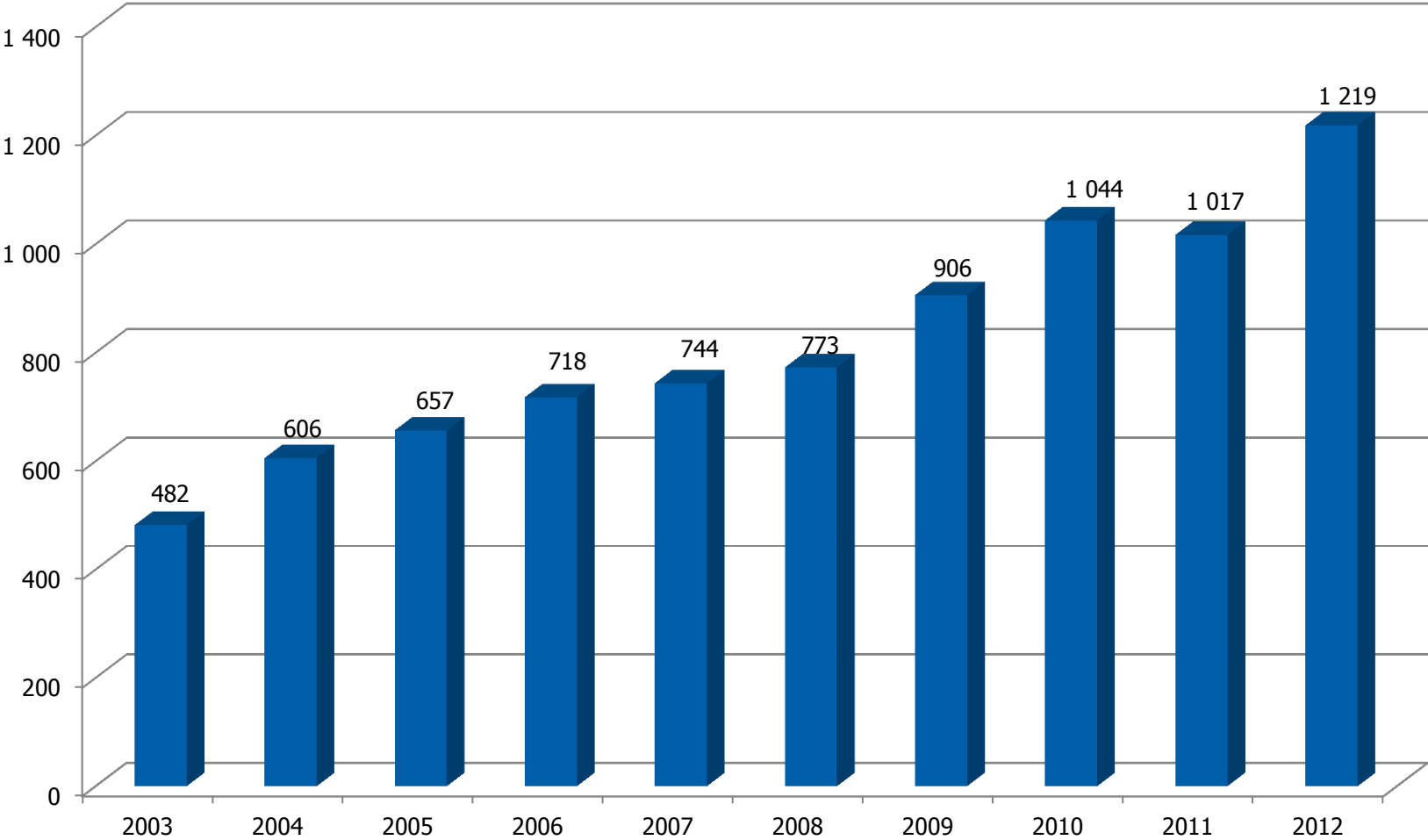
### Statistical figures FIU Germany for 2012

- 14.361 suspicious transaction reports
- 8.468 follow-up responses
- 420 follow-up responses were judgments, penalty orders or indictments
- 46 cases ended up with a conviction and 286 penalty order

## 2. Figures by graph



## 2. Development of the case numbers of the FIU information exchange





## 3. Objectives

- Aim of investigations = bring case to court, get conviction against the accused

### Problem!

Aim is often missed due to high legal requirements in the German Penal Code.



## 3. Objectives

- low grade of suspicion to open up judicial case

in contrast to

- high legal requirements to get accusation at court

leads to:

Result of investigation often doesn't comply with legal requirements



## 3. Objectives

### Legal requirements for money laundering:

1. Money laundering activities
2. Predicate offence

§ 261 I Nr. 1-5 StGB implies a list of predicate offences.



## 3.1 Case I

### Facts

- Investigations against worldwide operating CO practising money laundering against the background of selling anabolic steroids
- Production and sale of steroids by underground laboratory XXX Pharma (involved suspect A. B.)
- Distribution of steroids/pharmaceuticals via Internet by CO „Gen ABC“ (involved suspect „Mr. Roxy“ = member of A. B. family)



## 3.1 Case I

- Result of analysis of database is that:
  1. „Gen ABC“ had approx. 193.000 customers worldwide
  2. „Gen ABC“ left a profit about 16 million USD over a period of 3 years
  3. The administrator „Mr. Roxy“ made 10.000 EUR per month
  4. „Gen ABC“ distributed steroids/pharmaceuticals through Internetshops since 2003



## 3.1 Case I

- Head of CO „Mr. X“ could be identified as B. W.
- W. was sentenced to imprisonment in Ireland in 2006 for the sale of steroids
- W. founded companies in Germany
- About 650.000 EUR were transferred from W. 's private accounts to the german company accounts



## 3.1 Case I

- Steroids were sent from China via Turkey to warehouse in Cyprus
- Other interim storage facilities located in Spain, France, Greece, Israel and the USA
- „Mr. Roxy“ could be identified as I. B., brother of A. B.



## 3.1 Case I

### International cooperation

**Aim: Disruption of the global distributing system**

Only way to get there:

Operational measures in all countries involved.



## 3.1 Case I

- October 2010: meeting at Eurojust/The Hague with delegates of all involved countries
- Each country already had initiated own investigations
- December 2010: 31 searches and the arrest of I. B. aka „Mr. Roxy“ were carried out



## 3.1 Case I

### Final Result

- „Gen ABC“ made about 40.5 million USD in a period of 3 years
- 239.000 clients were registered in the database
- 125 members worked for „Gen ABC“
- February 2013: I. B. was sentenced to 4 ½ years of imprisonment for the distribution of steroids



## 3.1 Case I

- I. B. couldn't be sentenced for money laundering as being charged for the predicate offence
- The directors of the German companies and the friends and acquaintances of the I. B.'s-family couldn't be sentenced for money laundering due to insufficient evidence of their knowledge about the criminal origin of the money



## 3.2 Case I

- Joint investigation between
  - The Bundeskriminalamt (German Federal Criminal Police Office) and
  - The German tax investigation authority of the federal state of Hessen
  
- Prosecutor's office in charge
  - Generalstaatsanwaltschaft Frankfurt am Main



## 3.2 Case II - Taxation and modus operandi

### Taxation in other European countries

- 2 options:
  - VAT exemption
  - Reverse-charge-procedure
- Since the reform of the VAT legislation in other Member States of the European Unions (UK, France, the Netherlands) in 2009, the perpetrators had shifted their fraudulent activities to Germany.



Germany also changed its legislation on 1st July 2010



Until July 2010: damage of about 500 million € in Germany

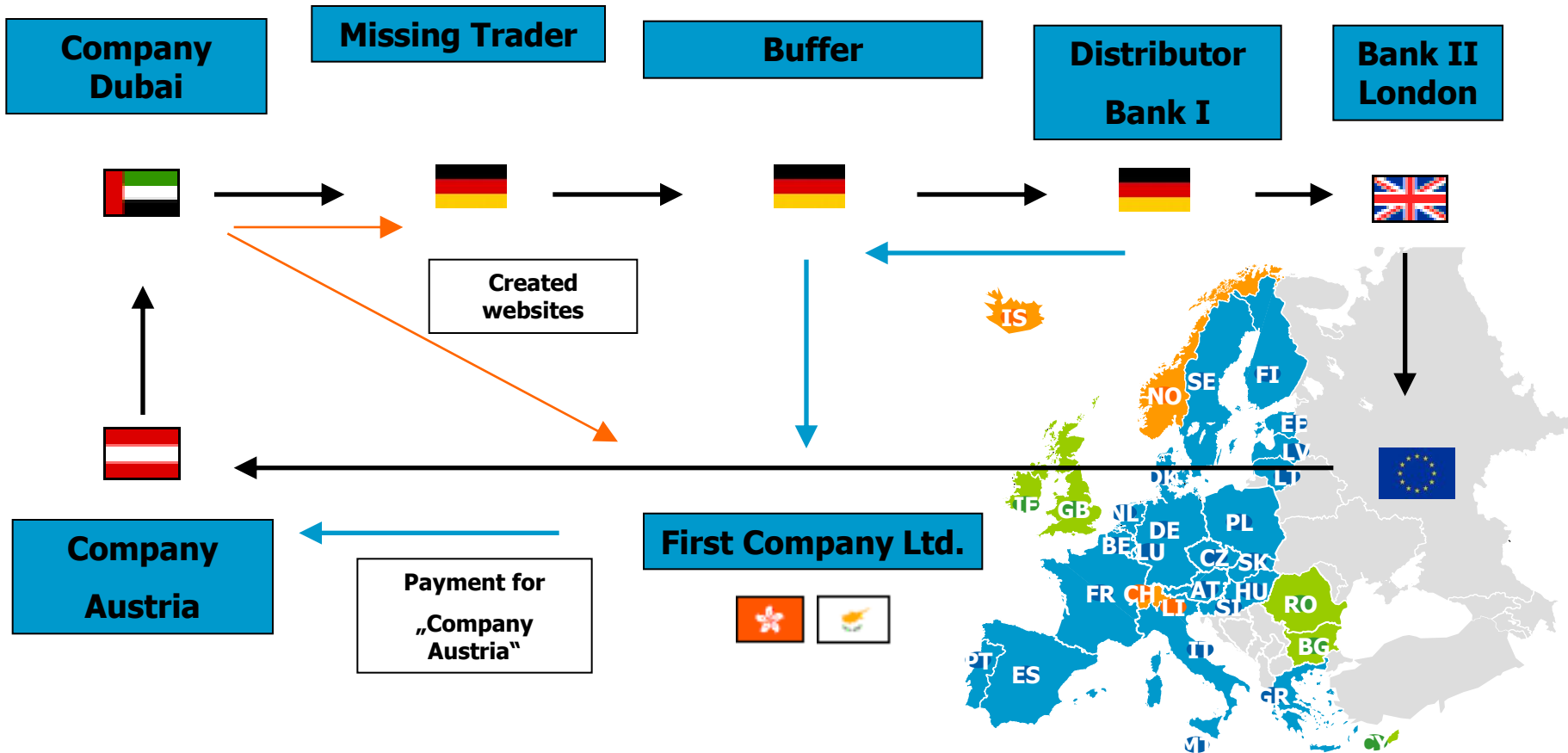


## 3.2 Case II - Taxation and modus operandi

- Background of CO
  - British nationals of Indian or Pakistan origin
  - Most of the offenders have relations to / residence in Dubai
  - At least some of the companies seem to be controlled by persons in Dubai
  - Assumption that money to initiate trading chain came from Dubai
  - Acc. to British HM Revenue & Customs: offenders moved to Germany after UK has changed his legislation

# 3.2 Case II - Taxation and modus operandi

## Moneyflow



## 3.2 Case II - Measures of 28th Apr. 2010

### ■ Germany

- Searches of 391 premises in 13 German states
- Freezing of bank accounts, sequestration of assets, confiscation
- Operation of about 1.000 officers of



- Bundeskriminalamt
- Revenue offices
- Federal police forces
- State police forces



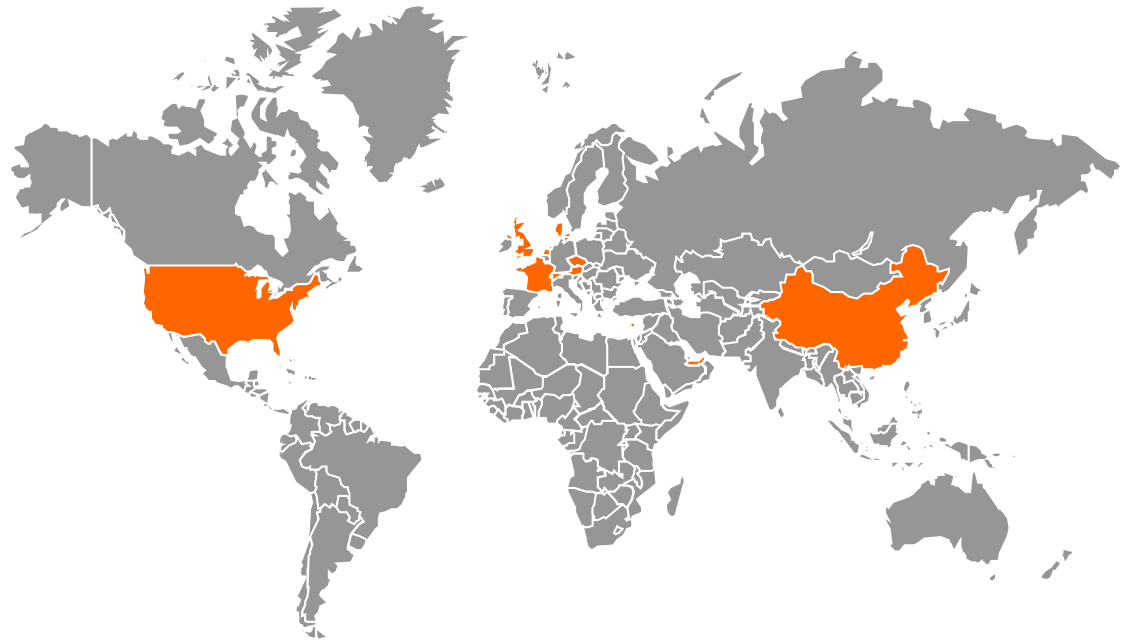


## 3.2 Case II - Measures of 28th Apr. 2010

### ■ Foreign countries

Simultaneous house searches and freezing orders in several European and non-European countries:

- Cyprus
- Denmark
- Hong Kong
- UAE, Dubai
- UK
- and others





## 3.2 Case II - Judicial assistance

- Great Britain
  - search of 60 premises, (Bank II London)
  - one person arrested
  - frozen assets of about 380,000 €
  
- Denmark
  - 68 emission accounts frozen
  - only 4 emission accounts were still active
  - zero carbon credits being seized



## 3.2 Case II - Judicial assistance

- Dubai
  - restrained bank accounts of about 2.6 million €
  - seizure of several high-value vehicles (more than 1 million €)
  - measures taken within the own operation of Dubai police authorities
  
- Switzerland
  - restrained bank accounts of about 3.4 million €
  - search of 14 premises in Zürich, Zug, Winterthur
  - one person arrested



## 3.2 Case II

- Results (until Sep. 2010)
  - 5 persons arrested (3 in Germany, 1 in Switzerland, 1 in UK)
  - seizure of lots of documents and data in connection with emissions trading
  - seizure of carbon credits and high value vehicles
  - frozen assets of about 110 million €



## 3.2 Case II - Trail



Comprehensive confessions made by the accused persons

During trial already, Bank I provisionally waves claims for turnover tax refunds amounting to 310 million Euros



## 3.2 Case II - Sentences

### Sentences:

7 Managing directors of different Companies:

- from 7 years 10 months till 2 years 9 month



## 4. Conclusion

Following points are required for successful investigations concerning money laundering activities:

1. A predicate offence and its evidence
2. Evidence for the subjective element of an offence  
*means: evidence that the suspect knew about the criminal origin of the laundered money.*
3. *International co-operation (FIU, Interpol, Europol, Liaison Officers, Prosecutor's Office)*



**Thank you very much for your  
attention!**

Jochen Röth, Detective Chief Inspector

Tel.: +49 611 / 55 18606, Fax: +49 611 / 55 45300

E-Mail: [jochen.roeth@bka.bund.de](mailto:jochen.roeth@bka.bund.de)