



Emerging Money Laundering Modus Operandi

About the Instructor



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Topics: Emerging Money Laundering Modus Operandi

Subtopic: Global Trends

Key Talking Points

- The Escalating Challenge of **Money Mulling**
- Money Laundering Technique in **Pig Butchering Scam**
- Laundering via **Decentralized Crypto-Asset Exchanges (DEX)**
- **Financial Abuse** Typologies

The Escalating Challenge of **Money Mulling**

The Escalating Challenge of **Money Muling**

A Money Mule is a person who receives money from a third party in their account and transfer it to another one, collecting a commission for it. While money mules are not directly involved in the crime that generates the money, they facilitate the laundering of the proceeds of the crime and ultimately help criminals remain anonymous while moving funds.

- Unknowing/unwitting money mules**
- Witting money mules**
- Complicit money mules**

Mules are typically drawn into these activities through **deceptive job offers** or **online solicitation** promising quick cash or **work-from-home opportunities**.



The Escalating Challenge of Money Muling .. Continue

What are the consequences?

- Acting as a money mule is **illegal and punishable**, even if you weren't aware that you are committing a crime.
- If you are a money mule you could be **prosecuted and imprisoned** as part of a criminal money laundering conspiracy. Some of the federal charges you could face include *mail fraud, wire fraud, bank fraud, money laundering, and aggravated identity theft*.
- Serving as a mule can also **damage your credit and financial standing**. Additionally, you risk having your own **personality identifiable information (PII)** stolen and used by the criminals you are working for, and maybe held **personally liable** for repaying money lost by victims.



INTERPOL

Consequences of Money Muling

FOR THE MULE	FOR SOCIETY
<ul style="list-style-type: none">• Frozen accounts• Tarnished banking record• Prosecution	<ul style="list-style-type: none">• Supports organized crime• Perpetuates the criminal cycle• Conceals illicit funds

#YourAccountYourCrime

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The Escalating Challenge of Money Muling .. Continue

Who is at Risk?

Students, those looking for work, or those on dating websites, but anyone can approach to be a money mule

What are the signs

- Work-from-home Job opportunities
- You received an unsolicited e-mail or social media message that promises easy money or little or no efforts.
- The “employer” you communicate with uses web-based e-mail services (such as Gmail, Yahoo, Hotmail, Outlook etc..)
- You are asked to open a bank account in your own name or in the name of a company you from to receive and transfer money
- As an employee, you are asked to receive funds in your bank account and then “process” or “transfer” funds via: wire transfer, ACH, mail, or money service business (such as Western Union or MoneyGram)
- You are allowed to keep your portion of the money you transfer. Your duties have no specific job description.

Dating and Social Media Sites

Online contact or companion, who you may never have met in person, ask you to receive money and then forward these funds to one or more individuals you do not know.



Money Laundering Technique in **Pig Butchering Scam**

Money Laundering Technique in **Pig Butchering Scam**

A pig butchering scam is a type of **confidence trick** and **investment fraud** in which the victim is gradually lured into making increasing contributions, in the form of cryptocurrency, to a seemingly sound investment before the scammer disappears. The name alludes to the practice of **flattening a hog before slaughter**.

The pig butchering scam industry is making the **OCGs (organized crime groups)** the equivalent of billions of USD.

This unprecedented form of fraud **combines** elements of **cybercrime, cryptocurrency-assets, money laundering and human trafficking**.

- Reviving gross domestic products of some Southeast Asian countries
- April 2023, the U.S. Department of Justice announced the seizure of crypto assets worth an estimate of \$120 million
- In October 2023, Binance reported having worked with the Royal Thai Police in collaboration with the U.S. Homeland Security investigation to take down an OCG responsible for conducting pig butchering scam in Thailand. (Operation, named “**Trust No One**”)



Money Laundering Technique in **Pig Butchering Scam** .. **Continue**

The 10 warning signs of pig butchering scams

1. You receive “Wrong number” texts
2. Someone you met online suddenly starts talking about crypto
3. A match on a dating site quickly starts “love booming” you
4. Scammers use emotional manipulation to build your trust
5. A friend wants you to invest in a crypto exchange
6. You’re told to download a “special” crypto trading app
7. Investment sites offer tires with minimum investment amounts
8. The scammer start trading with you
9. You get a quick, small return on your initial investment
10. you are told you need to pay a hefty tax bill

big butchering scam use **social engineering** to build your trust over weeks and months. If you see any of these warning signs break off all contact with the scammer.



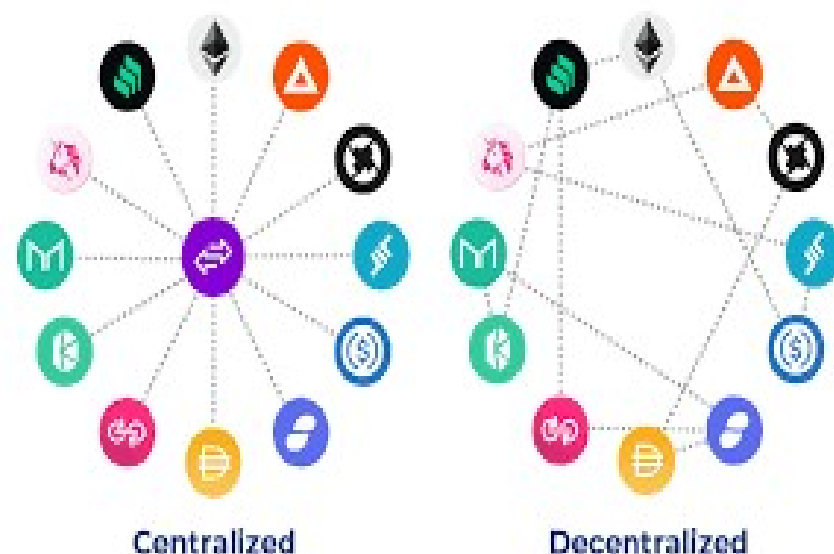
Laundrying via **Decentralized Crypto- Asset Exchanges (DEX)**

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The decentralized exchange (DEX) is a **peer-to-peer (P2P)** marketplace that connects **cryptocurrency buyer and sellers**. In contrast to centralized exchanges (CEXs), decentralized platforms are non-custodial, meaning a user remains in control of their private keys when transacting on a DEX platform.

In the absence of a central authority, DEXs employ **smart contracts** that self execute under set conditions and record each transaction on the blockchain.

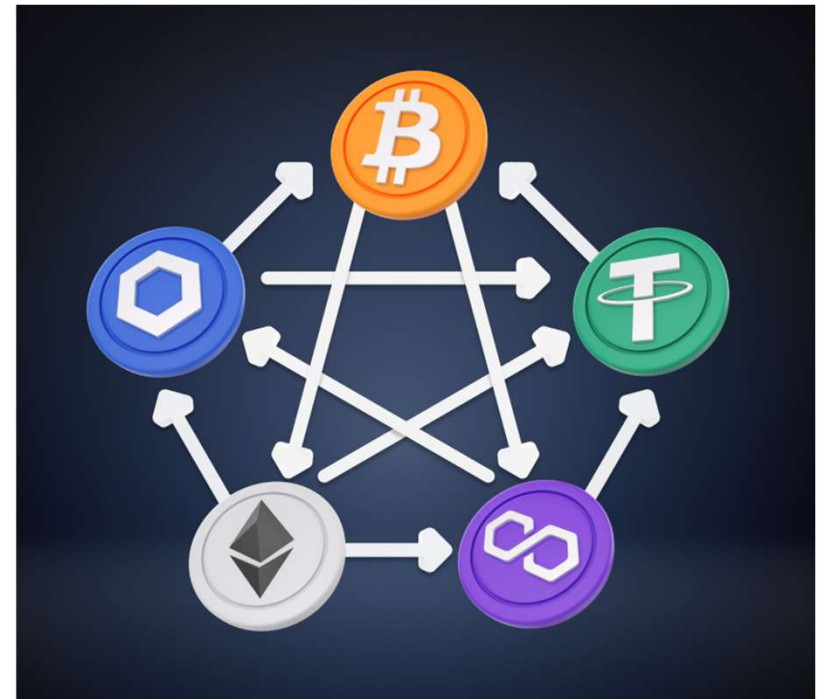
- DEX platforms are particularly useful for criminals as they can access those platforms' services without providing know your customer (KYC) information
- Criminals involved in pig butchering scam use almost exclusively A decentralized crypto asset exchange called **Tokenlon** in order to swap crypto-asset like BTC or ETH to DAI, USDC or USDT, which is by far consider the “base” crypto asset in Southeast Asia, especially in China.



Laundrying via **Decentralized Crypto- Asset Exchanges (DEX)** ... Continues

The problem with DEXS

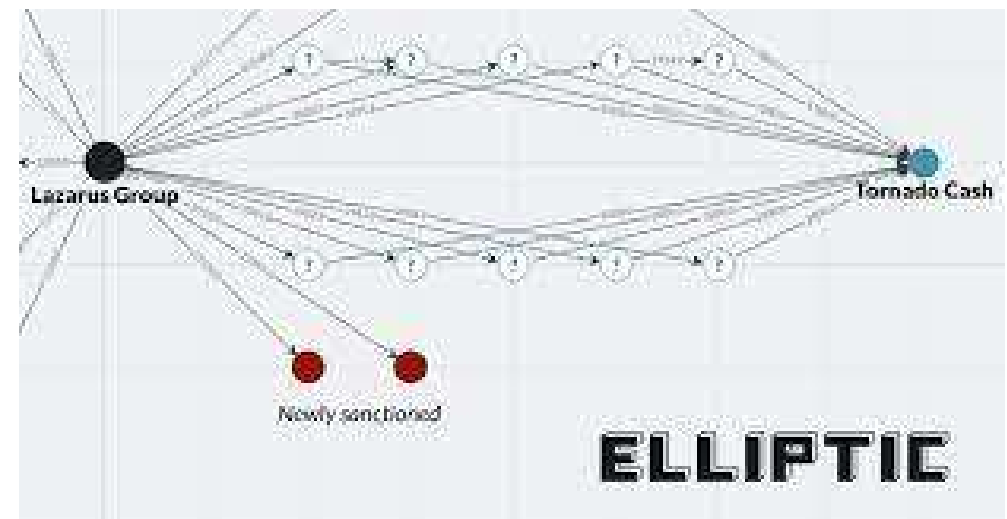
- DEXs can offer criminals the advantage of **bypassing compliance** controls much in the manner of dealing with non-compliant exchange like SUEX, Chatex or BTC-e.
- In many **jurisdiction** it is still unclear whether DEXs fall within the scope of amil CFT regulation.
- DEXs provide a useful mechanism for laundering of criminal proceeds. In- particular, they can be used for crypto asset-to-crypto asset swaps while avoiding exposure to regulator or law enforcement
- Attractive to move sophisticated illicit crypto users - such as cybercriminals who can use them with these. September 2020's Kucoin hack case saw criminals launder millions of dollars worth of crypto assets via DEXs.
- Emergence of these platforms as a viable money laundering Avenue.



Laundering via **Decentralized Crypto- Asset Exchanges (DEX)** ... Continues

Example:

1. A criminal obtains Ether or Ethereum-based tokens for example by hacking and exchange
2. the criminal moved the funds to a wallet they use at a DEX:
3. the Ether or Ethereum based tokens are swept at the DEX for a new tokens; and
4. the new tokens are deposited at a legitimate exchange and cashed out for Fiat



Financial Abuse Typologies

Financial Abuse Typologies

Financial abuse, also referred as economic abuse, is defined by **U.S. Department of justice (DOJ)** as follows:

“Controlling or restraining the person's ability to acquire, use, or maintain economic resources to which they are entitled. This includes using coercion, fraud, or manipulation to restrict the person's access to money, assets, credit, or financial information; unfairly using a person's personal economic resources including money, assets, and credit, or exerting undue influence over a person's financial and economic behavior or decisions, including forcing default on joint or other financial obligations, exploiting power of attorneys, guardianship or conservatorship or failing or neglecting to act in the best interest of a person to whom one is if it is a duty.

Financial abuse can affect anyone at anytime. Three types of financial reviews include

- **Elderly financial abuse**
- **Domestic financial abuse**
- **Childhood financial abuse**

The financial crime enforcement network (**FinCEN**) has released several publications asking financial institutions FIS to be on the lookout for elderly financial abuse and to report this abuse when it is identified. While focusing on the elderly, it is crucial function to protect a vulnerable population and this includes legal reporting obligations, where the concept of monitoring for financial abuse can and should be expanded beyond the elderly.



Q&A



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