Smuggling, poaching feed money laundering

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Suspicious accounts amounting to N$329 million were halted by the Financial Intelligence Centre (FIC) last year in the ongoing battle against money laundering. The possible offences that were identified during the analyses of the reports included corruption, fraud, tax evasion, contravention of exchange control regulations, rhino poaching, theft, diamond smuggling, illegal scams and illegal casino gambling. In its annual report for 2014, the Bank of Namibia (BoN) says that more than 200 suspicious accounts were reported for seizure, freezing and confiscation of suspected proceeds of crime within Namibia and foreign jurisdictions. According to the annual report a total of 170 Spontaneous Disclosures (SDs) and 56 Responses to Request for Information (RRFIs) were disseminated to Namibian law-enforcement agencies as well as foreign intelligence units for further investigation of suspected money laundering and terrorism financing in Namibia. The potential proceeds of crime amounted to N$329 million, but these proceeds are still under investigation. The FIC also received 308 reports on suspicious transactions and suspicious activity from various sources, of which the majority came from financial service providers (268), members of the public (13) and money remitters (7). Furthermore the FIC issued nine intervention orders during 2014, restricting N$8.9 million suspected proceeds of crime allowing for further enquiries to determine the legitimacy of the funds and where appropriate enable law-enforcement agencies to initiate court applications. It also contributed to successful preservation applications in at least four High Court cases involving N$2.3 million in crime proceeds last year. BoN spokesperson Ndangi Katoma told Namibian Sun that terrorist financing involves money laundering to purposely disguise the true origin of funds, especially when the funds originated from illegal sources, as well as disguising of destination parties or beneficial owners. He said that money laundering schemes include the commingling of funds from both legitimate and illegitimate sources to appear as though it originated from a legitimate source, cash smuggling and using informal money transfers as well as splitting funds under the threshold to avoid reporting. According to the Namibian Financial Institution Supervisory Authority spokesperson, Isack Hamata, money laundering involves a three-phase process described as placement, layering and integration. At the placement stage the criminal finds a way to place proceeds of crime into the financial system, which can be a bank deposit, buying insurance policy, buying shares or buying a house, making an investment or buying unit trusts. During the layering stage the criminal creates as much distance as possible between their proceeds of crime by performing a series of transactions or transfers with the aim of obscuring the illegal origin and audit trail thereof. This can be done through buying and selling shares or unit trusts, buying and selling immovable property, cashing out large insurance policies, investing and cashing out investments, or transferring money from one bank account to the next through various countries. “At integration stage enough distance has been created between the criminal and the illegal origin of money or property and the laundered funds during this stage are placed back into the economy under a veil of legitimacy. The criminal can freely and openly enjoy his/her proceeds of crime,” Hamata explained. WINDHOEK ELLANIE SMIT