Financial Investigations

A South African Perspective

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Background

• Financial Investigator Dispensation in South Africa focussed on asset tracing and financial profiling.

• Currently around 100 FI’s in the Asset Forfeiture Unit.

• POCA, FIU

• First world banking system
Financial Investigations

• Key to any successful financial investigation is a strong relationship with financial services providers e.g. Banks, finance houses, stock exchange, etc.

• A good understanding how these financial service provider’s operate internally and how they operate with other corresponding financial systems in other jurisdictions.
How do we follow the money?

- Financial Profile
  - How do we do this
    - We start of with what we call “Desktop Searches”
      - Open Source - eg Google, Home Affairs, vpike.com
      - Closed Sources – Vehicle Registration Database, Company Registration Office, Deeds Office, Family Trusts Database, WorldCheck, KYC360, Movement Control, Short and long term life and property insurance companies, Credit Bureau( all major bureau’s) and the data from a marketing company.
      - Conduct checks with FIU and Receiver of Revenue and Central Bank
      - Do informal checks with major banks to see if we can identify accounts
      - This we call a BAC (Basic Asset Check) – no invasive investigations and no subpoenas needed
Following the money (cont.)

• **Detailed Financial Investigation:** (locate, collect, collate, interrogate, analyze, interpret and present data)
  
  – Commences after BAC
    • We have established a asset base
    • We have identified proceeds or assets representing benefit
    • Now, we subpoena records needed for court purposes
    • Physically trace and locate assets
    • Analyse financial records to determine lifestyle and also to link proceeds with unlawful activity
    • Draft our FI affidavit setting out our findings
    • In some cases we ask the police to register a M/L cases
Investigative Tools

- Detailed Asset Investigation Manual
- Host a Basic FI course
- IT products: i2, Excel and looking at a product called MEMEX
- Scan all documents and use Abby Fine Reader to OCR documents for easy import into Excel
- Strength: Ability to access various commercial databases from the office
- ARINSA and CARIN Networks
Challenges

• Not enough financial investigators to do financial investigations and nothing else.
• Experienced investigators are poached by banks and other departments
• Police Service only starting now to create a structure for financial investigations
• Financial investigation methodologies are not considered by criminal investigators when investigating their cases
• Terror financing investigations – little or no formal training or exposure
• Reluctance of some of the major banks to provide information without a subpoena or timeously.
• Absence of any cash seizure legislation similar to the UK POCA Cash Seizure provisions
• Some neighbouring countries have little or no anti money laundering and asset forfeiture legislation. If they do have, they have not established a dedicated team to roll out the legislation or test the law.
Opportunities

• Expansion of the ARINSA Network into the rest of the continent
• Prosecutor Placement Programme
• Investigator Placement Programme
• Joint Training Initiatives