

Fighting corruption and recovering criminal assets

PEPs

Findings Belgian FIU



PEPs: Legal Framework

Art. 12 AML/CFT Law (11 January 1993) – enhanced CDD

- Residing abroad (nationality irrelevant)
- High level public function (list)
- Includes immediate family and close associates
- Functions exercised at national and international level
- Up to 1 year after ceasing function
- Predicate to ML offence: embezzlement by public officials and corruption

List

- Heads of State, of government, (deputy) ministers, secretaries of state
- MPs
- Constitutional and highest court members
- National audit office members and central bank directors
- Ambassadors, chargés d'affaires, commanding officers
- Members of administrative organs, leading or supervisory organs of public enterprises

Statistics

PERIOD 01/01/2009 - 31/12/2013

- 167 cases reported to the judicial authorities (embezzlement and corruption)
 - Amount: EUR 132,20 million
 - 34 investigations pending – 5 convictions
- PEPs: 15 cases (predicate offences: corruption, embezzlement by public officials, misuse of corporate funds and trafficking in illegal labour)
 - Amount: EUR 91,43 million
 - 5 investigations pending – 2 referrals to foreign judicial authorities

Asset Recovery

Direct role FIU Belgium:

- Possibility to block announced transactions
- Case file forwarded involving large assets → Belgian Asset recovery Unit or ARU
- COSC=Central office for Seizure and Confiscations

Year	CTIF-CFI		Judicial authorities
	Number of freezing orders	Total amount frozen (in million EUR)	Total amount seized
2010	60	135,84	EUR 116 million
2011	33	183,59	EUR 23 million
2012	36	11,81	EUR 12 million
2013	25	12,34	EUR 8 million

TRENDS

- 90% PEPs from outside the EU
- Functions: mostly political – high level politicians and administrators of public authorities
- Self laundering 70% - 30% through intermediaries (associates & relatives)
- ML operations predominantly through banking system

TRENDS

- Typical ML scheme: frequent cash deposits followed by transfer abroad or transfers from abroad followed by cash withdrawal
- Use of ML techniques: transit accounts, shell companies, offshore centre provenance or destination
- Popular: investment in securities & real estate (use of gatekeepers)

Case 1

- Senior official of the central bank
- African country
- BE account → dormant
- Incoming → International wire transfer
 - Counterpart related to banknote printing/credit card manufacturing industry
- Outgoing → cash withdrawal
- No economic justification

Case 2

- Reporting entity: FIU request (COUNTRY X)
- 1 individual → 30 accounts in 2005
- Shell companies in offshore centres
- African PEPs (high officials and family members)

Case 2 MONEY FLOWS

Between 2005 - 2011

- Company accounts
 - Large international wire transfers coming from an African country
 - Large international wire transfers going to personal accounts (PEPs) in country X and to accounts in BE and in another EU country
- EUR 60,60 million

Account in African country (Company: handling public contract)

EUR 60,60 million

Company accounts in COUNTRY X

EUR 43,80
million

PEP accounts
in COUNTRY X

EUR 3,50
million

BELGIUM
Luxury goods

EUR 13,30
million

EU Country
Real estate