

Dagmar Frank



W-T-W Women and Finance

hat das Ziel, Frauen weltweit für finanzpolitische Themen zu sensibilisieren

Pforzheimer FinanzTreff

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Andreas Frank



Andreas Frank / *AML/CFT Expert

Universitäten Mannheim/München Abschluss Diplom-Kaufmann
Associate Goldman, Sachs & Co. / Direktor HSBC.

Umfassende Kenntnisse und Erfahrungen auf den Gebieten der internationalen Finanzmärkte und der Unternehmensfinanzierung

Seit mehr als 20 Jahren konzentriert sich Frank auf die Bekämpfung der Geldwäsche (AML) und die Bekämpfung der Finanzierung des Terrorismus (CFT)

Als AML/CFT-Experte berät er den Bundestag, den Europarat (Europarat) und das Europäische Parlament

Andreas Frank ist Mitglied des Lenkungsausschusses des Parliamentary Intelligence-Security Forum

Im Kampf gegen Geldwäsche und Terrorfinanzierung arbeitet Andreas Frank mit IGOs, NGOs, nationalen Strafverfolgungsbehörden und Organisationen der Zivilgesellschaft zusammen. Er ist ein regelmäßiger Redner auf nationalen und internationalen Konferenzen zur Geldwäscherei und Terrorismusfinanzierung.

(*Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)
Bekämpfung der Geldwäsche/Bekämpfung der Finanzierung des Terrorismus)

**Außerordentliche Situationen benötigen
außerordentliche Lösungen**



Alternative Finanzierung der Corona-Krise

**Wie aus der Krise positive
Veränderungen erwachsen könnten**

Was ist Geldwäsche?



- § 261 StGB (Vortatenkatalog)
- Geldwäschegesetz (GwG)
- EU-Geldwäscherichtlinie
- Financial Action Task Force (FATF) - 40 Empfehlungen
- Gesetz zur Reform der strafrechtlichen Vermögensabschöpfung (VermAbschRAndG k.a. Abk.) seit 01.07.2017 in Kraft

Money Laundering - The Common Denominator for most Criminal Activities



- Serious Tax Evasion, classic and new Transnational Organized Crime, Kleptocracy, Corruption, Cyber-Crime, Terror and its Financing, Hybrid Warfare from non-state and increasingly from state actors undermine the rule of law, democratic values and the social structure of countries.
- The common denominator of most serious crimes is money; illicit money that has to be laundered in most cases to be used in the legal economy.
- “Follow the money” and will find the criminals but only when the flow of money can be followed.
- The flow of money can be obfuscated by means of hawala banking, crypto-currency and offshore structures etc.

Munich Security Conference - Transnational Security Report

June 2019



Illicit flows pose a grave threat to global security

- An estimated \$ **4.2 trillion** was laundered in 2018 alone – much of it across borders
- By comparison, the global military spending was \$ 1.822 trillion in 2018
- Germany's GDP \$ 3.8 trillion 2019

Illicit flows – unlawful or illegitimate cross-border exchanges of people, goods, money or data – have reached an unprecedented scale and pose a grave threat to global security

The Fight Against Money laundering



On June 18, 1971 President Richard Nixon declared **the war on drugs**. The war on drugs is lost according to the UN drug report.

The FATF was established by the G7 and the EU-Commission in **1989** to fight money laundering (ML).

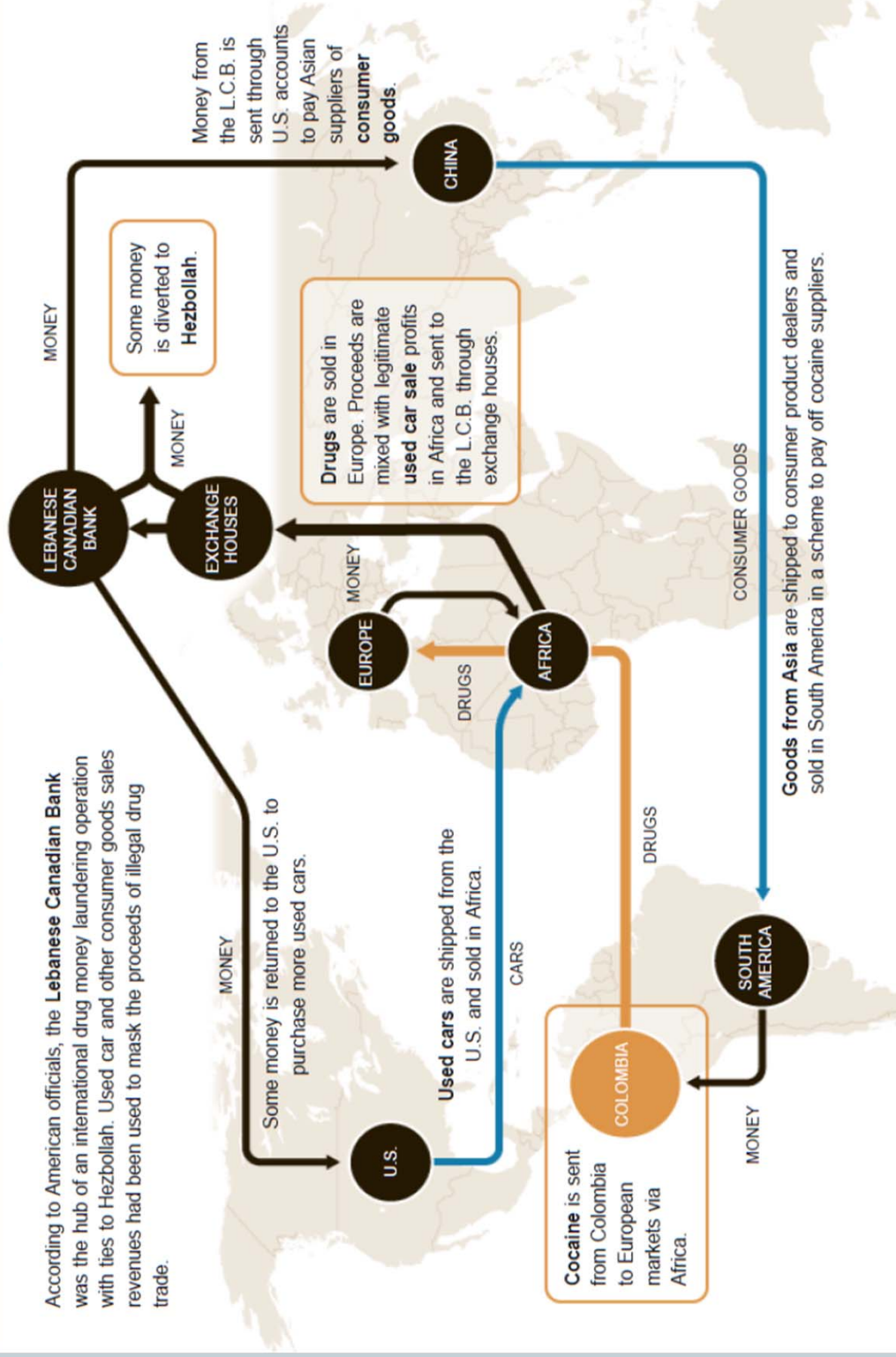
After thirty years we see more money laundering and financing of terror and not less.

- Less than 0.5 % of the laundered proceeds are confiscated
- 99.9 percent of the Money Launderers don't see a judge.

DEA's Project Cassandra, Europol's Operation Cedar



According to American officials, the **Lebanese Canadian Bank** was the hub of an international drug money laundering operation with ties to Hezbollah. Used car and other consumer goods sales revenues had been used to mask the proceeds of illegal drug trade.



Marshallplan for Africa



Source: GIZ

The Cooperation Between Terror Groups, TOC And State Actors

Rogue state actors, TOC, Terror have a common denominator  weaken the democratic governance to reach impunity.

Hesbollah = State actor in Libanon, stakeholder in Syria, Cooperation with drug cartels, supported by clan structures worldwide (Tri-border area), Support/Cooperation from and with Iran and Russia

ISIS/Da'esh = Terror Group and OC, Cooperation with Mafia/OC Groups - Human traffickers, Support from Turkey. Security Council Report on ISIL (Da'esh) from 1 February 2019: ISIL still has access to financial reserves of between \$50 million and \$300 million

Taliban = Terror Group and OC, Cooperation with OC.

Council of Europe Resolution 2279 (2019)



Hundreds billions of € were laundered thru the Russian-, Azerbaijani- and Troika Laundromats and the help of western banks such as Danske-, Swed-, Deutsche-. Pilatus Bank, Trasta Komercebanka, ING, ABLV and others.

- The Global Laundromats were made possible by serious structural issues, at various levels
- State organs - notably the Russian FSB - were involved
- The Laundromats used intensively offshore structures to hide the beneficial owners
- The illicit money contributed to serious corruptive activities

Money laundering, especially on this scale, is a serious threat to democratic stability, human rights and the rule of law in the countries from, through and to which illicit funds are transferred, *inter alia* by facilitating, encouraging and concealing corruption and other serious criminal activity.

CoE Resolution 2279: The AML Cases Were Made Possible By Serious Structural Issues, At Various Levels



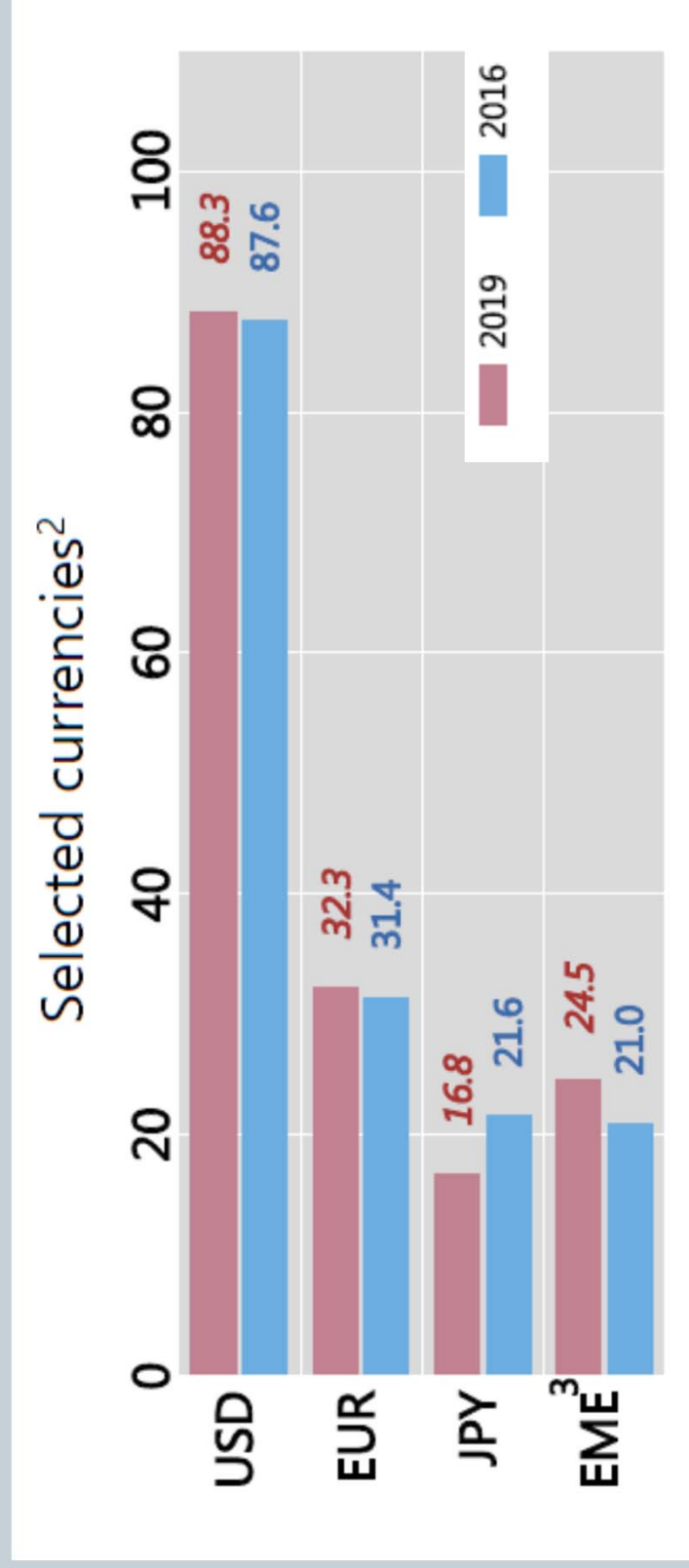
The CoE confirmed that the EU Anti-Money Laundering Regime is flawed. The serious structural issues are:

- Under-resourced AML supervisory and investigative bodies and fragmentation of AML responsibilities between numerous agencies, at the national level in the EU;
- The European Union's AML supervision is dependent on decentralised national authorities, despite their proven inadequacy in some countries;
- The FATF is only recently increasing their focus on the effectiveness and implementation of national AML regimes.

The Control Of Money Flows (AML) Could Be The Most Effective Weapon / Without Collateral Damages



The US dollar retained its dominant currency status, being on one side of 88% of all trades. The share of trades with the euro on one side expanded somewhat, to 32%.

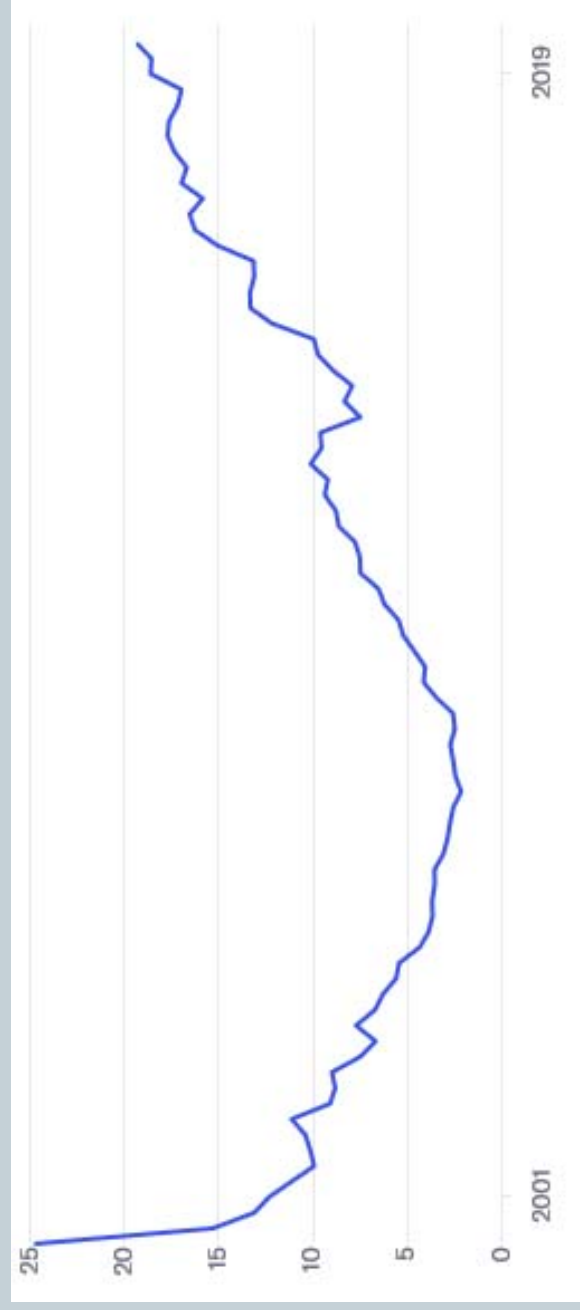


Source: BIS Triennial Central Bank Survey Foreign exchange turnover in April 2019

Putin's Russia Feels The Pain



Gold as a percentage of Russia's total foreign reserves



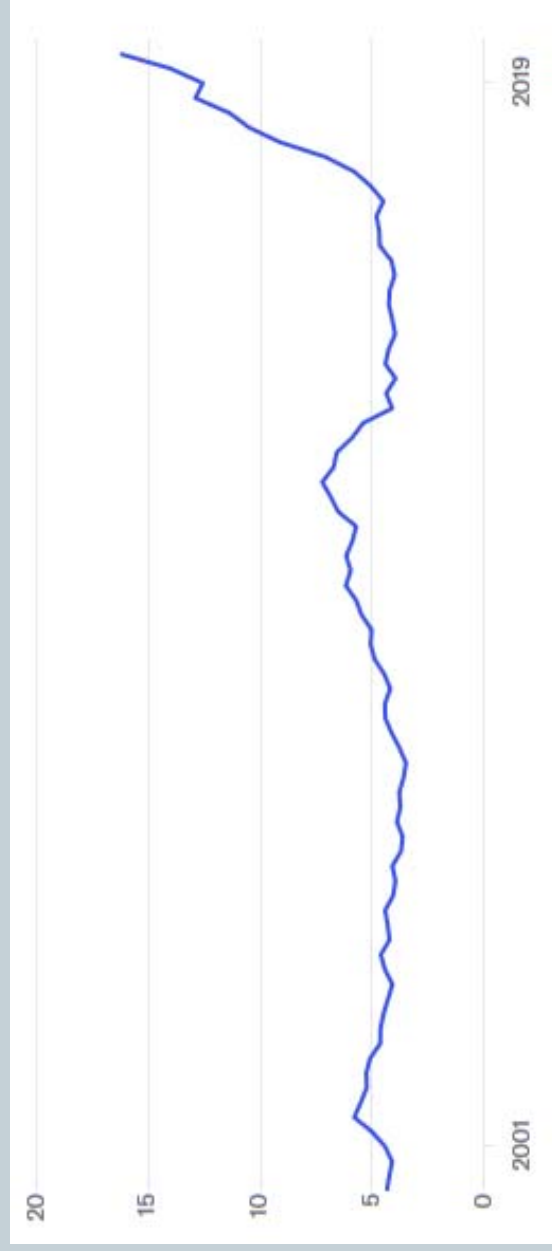
Source: World Gold Council

Bank of Russia's First Deputy Governor Dmitry Tulin:
"Gold is a 100% guarantee from legal and political risks"

Even The Autocrate Erdogan Reacts



Gold as a percentage of Turkey's total foreign reserves

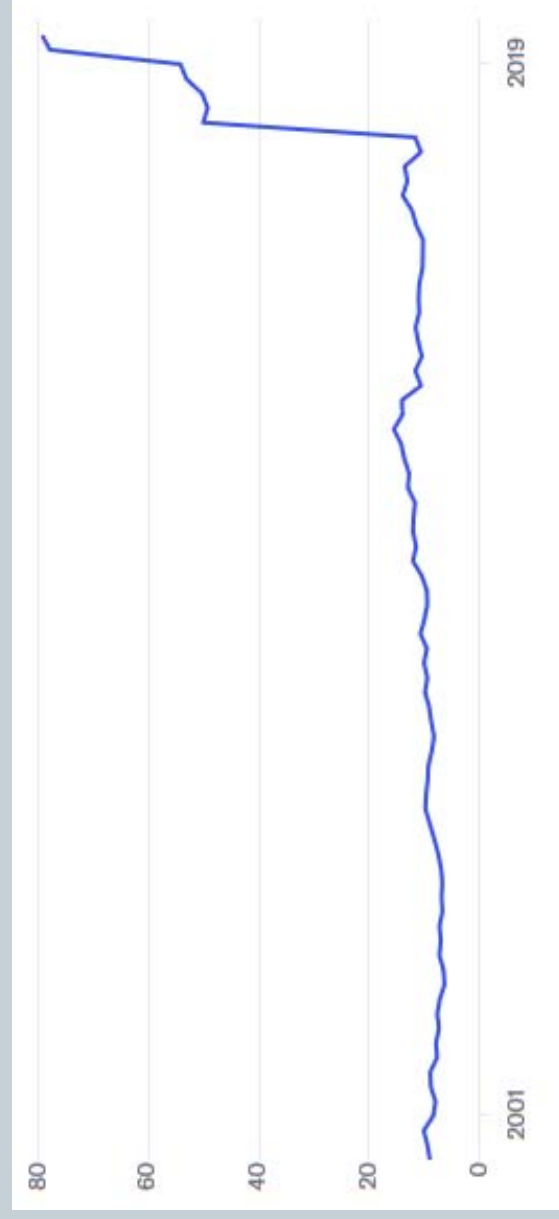


Source: World Gold Council

The autocratic regime of Nicolás Maduro tries to survive



Gold as a percentage of Venezuela's total foreign reserves



Source: World Gold Council

- In February 2018 the government of Venezuela launched the cryptocurrency petro (₡).
- September 2019 Pyongyang started the process of developing its own cryptocurrency (Nov. 11, 2019 DoJ filed a complaint against Virgil Griffith. Technical advice to N-Korea on cryptocurrency)
- Terrorists are increasingly turning to cryptocurrencies (CipherTrace Cryptocurrency AML Report 2019)

4 Trillion Of Illicit Money Leaves Traces In The Financial System That Can Not Be Overlooked



... Unless The Traces Are Obfuscated by Crime Enablers



Versagen der internationalen Gemeinschaft



- Internationales Verbrechen wird erst durch die Anbieter von Offshore-Strukturen – „Crime Enablers“ efficient ermöglicht
- Gemeinsame Nutzung der Offshore-Strukturen durch Steuervermeider, -hinterzieher, TOC, Terrorfinanzierer, Kleptokraten etc.
- Selbst demokratische (Rechts-)Staaten ermöglichen und unterstützen Offshore-Strukturen
- Die Schäden, welche weltweit durch Offshore-Strukturen verursacht werden, stehen im eklatanten Missverhältnis zu den Einnahmen
- Um Offshore-Strukturen sichtbar zu machen, mussten Straftaten begangen werden
- Die Skandale haben nicht zum Umdenken der Staatengemeinschaft geführt

Major Scandals...Little Results



- **Lux leaks**
- **Swiss leaks**
- **Panama leaks**
- **Bahamas leaks**
- **Luanda Leaks**

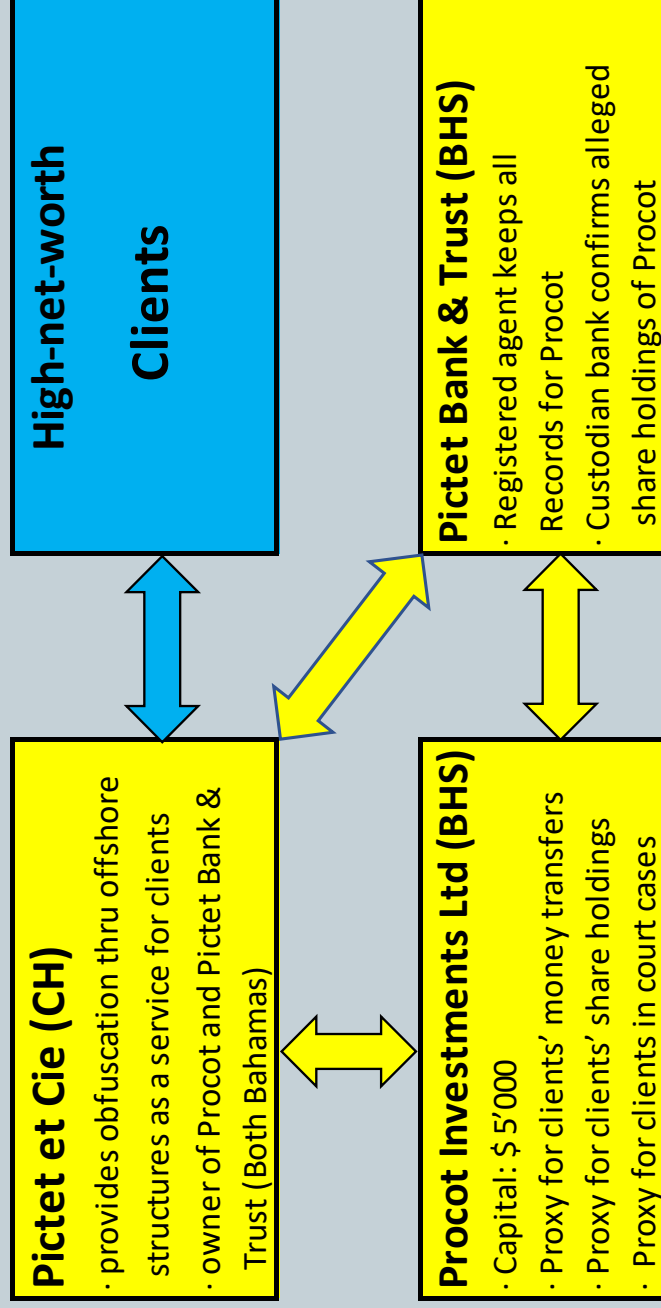
If You Don't Like The Message ... Kill The Messenger



The **Swiss Bank Program**, which was announced on August 29, 2013, provided a path for Swiss banks to resolve potential criminal liabilities in the United States. There is evidence that **the business model for some of those banks has not changed** rather has become more sophisticated.

On September 25, 2016 the amended **Swiss intelligence agency law** was approved by 65.5% of the Swiss voters. The law came into force on September 1, 2017. It empowers the secret services to **protect the Swiss financial center** by - for example - going after critics of the “harmful secrecy system” in a world-wide operation.

Obfuscation As A Service



The IBC Procot was still active in 2016

How To Get Rid Of Offshore Structures In A Win-Win Process



The DoS named Bahamas a “**Money Laundering Jurisdiction**” (INL-Report 2018);

There are 173’907 International Business Companies (IBCs) registered in the Bahamas;

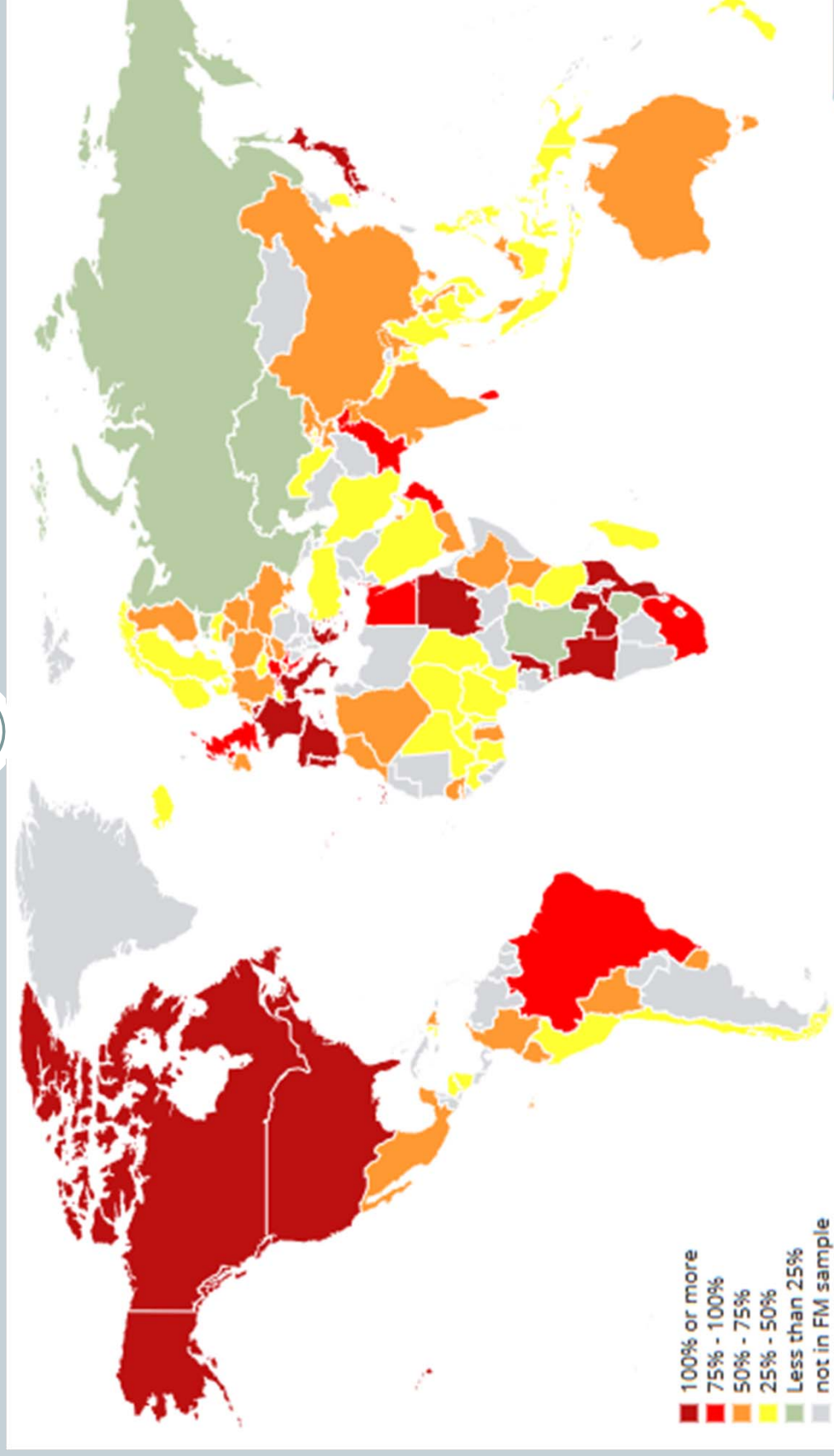
The Bahamas does not maintain official records of company **beneficial ownership**;

Total income for the Bahamas from the IBCs is **less than \$ 100 million**, according to the Bahamas’ Central Bank;

On September 2019, a devastating category 5 hurricane devastated the Bahamas;

Proposal: Finance hurricane-proof buildings in exchange for closing all of the IBCs where the UBO is unknown. This would cause panic under TOC, Terror and rogue state actors.

Gross debt position % of GDP - IMF Fiscal Monitor (April 2020)



Finanzierung der Corona-Krise



Derzeitige Finanzierung:

- Steuern
- Reichenabgabe
- Vermögenssteuer
- Soli

Warum sollten nicht die Personen für die Krise bezahlen, welche den Staat betrügen oder zerstören wollen?

(Steuerhinterzieher, OK, Kleptokraten, Korruption, rogue state actors etc.)

Wenn Geldwäsche bekämpft würde, bekämen wir Einblick in die illegalen Zahlungsströme und könnten die illegalen Vermögenswerte zugunsten der Staatskasse beschlagnahmen

Deutsche Geschichte



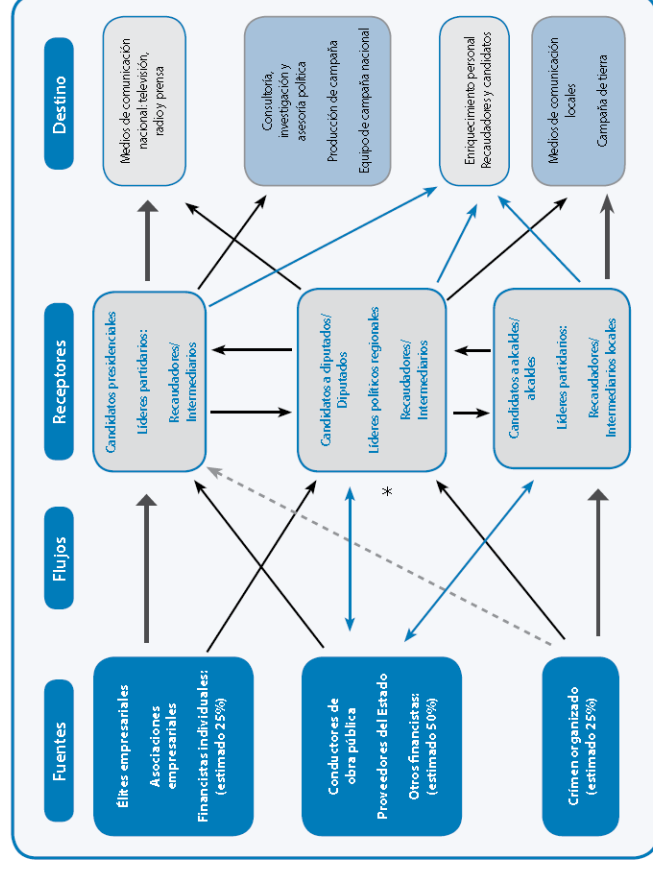
Die deutsche Geschichte fordert, dass der Einsatz tödlicher Waffen die Ultima Ratio sein sollte; zuvor sollten alle anderen verfügbaren Mittel eingesetzt werden.

Geldwäschekämpfung - die effektivste, kosteneffizienteste Präzisions- und Multifunktionswaffe, ohne Risiko von Kollateralschäden.

Wer nicht in einer Diktatur aufwachen möchte, sollte sich dem Kampf gegen Geldwäsche, OK und Terrorfinanzierung anschließen!

Wahl 2015 : Guatemala's political parties derived around half of their financing through corruption 25 percent from wealthy elites and businesses and 25 percent from criminal organizations

Figura 1
Flujos en el financiamiento de la política



* El financiamiento de grupos de crimen organizado -particularmente provenientes del narcotráfico- ha sido denunciado, sobre todo en municipios y departamentos fronterizos.

What needs to happen without delay



- As an inherently transnational activity, global money-laundering is perhaps the definitive problem in need of cross-border, rules-based cooperation.
- The G-7 - the founders of the FATF - have to take the lead again in strengthening global AML/CFT norms
- Implementation and enforcement of the AML /CFT norms need to be properly resourced.
- A universal norm of transparency needs to be established in respect to the beneficial ownership of all asset classes.
- National registries should be standardized and interconnected to facilitate cooperation.
- Offshore structures must be made transparent.
- NATO should declare money laundering as a military target.

Who is the Villain?



Thank you for your attention



Any Questions ?

