### Index

**A**
- Afghanistan, 52–54, 59, 105, 139–140.
- Afghan Transit Trade, 34, 130–134, 217
- Afghanistan-Pakistan Transit Trade Agreement, 132
- Informal sector of economy, 130
- Insurgency, 133. See Taliban
- Production of narcotics, 131
- al-Owahali, Mohammed, 68
- al-Qaeda, 64, 68, 135
- al-Shabaab, 66–67
- alternative remittance systems, 34–35, 49, 50, 53, 60, 90, 209, 217
- AML/CFT, xiv, 2, 28, 168, 178, 180, 184
  - definition, 217
- Analytics, 65, 163–164, 184
  - by weight, 154–155
- Angel Toy Company, 26
- American Museum of Natural History, 92
- arbitrage, 115, 122, 136
  - definition, 217
- Argentina, 23, 134–136, 161, 223
- arm’s-length trading, 119, 123
  - definition, 217
- Asian organized crime, 84, 86
- Asia Pacific Group, 3, 217
- Aum Shinrikyo, 105
- Australia, 34, 92, 161
  - Eligio National Task Force, 191–192
- Automated Commercial System (ACS), 157
- Automated System for Customs Data (ASYCUDA), 156, 210, 217
- Avastin, 115
- Ayrow, Aden Hashi, 66

**B**
- Bangkok, 83
- Bangladesh, 50
- Balkan route, 140
- Baker, Raymond, 8, 15, 116, 182
- Bank Secrecy Act, 2, 39, 196–197
  - definition, 217
- Barbados, 115
- barter trade, 126–127
- Belgium, 116, 139, 210
- Belgrade, 128
- Bell Helicopter, 35
- Benin, 25
- Bill of lading, 147–148, 169
- bin Laden, Osama, 3, 62, 105
- bitcoins, 59
- Black Market Peso Exchange (BMPE), 25, 34–46, 61, 73, 85, 213, 217
- China connection, 45–46
- currency brokers, 25, 44
- cycle, 37
- history, 35–36
Black Market Peso Exchange (BMPE) (Continued)
peso broker, 36, 37
placement techniques, 39
value transfer scheme, 36–37
Bock, Lou, 156–158, 160, 186
Bolivia, 131
Brazil, 27, 134–136, 161, 164, 223
Receita Federal, 13, 164
British Commonwealth Secretariat, 101

C
Canada, 92, 94, 115, 155
VAT fraud, 137
capital flight, 7, 14, 42, 65, Chinese, 76, 82
definition, 218
Iranian, 134
Capone, Al, 196
carousel fraud, 85, 136–139, 141, 172
definition, 218
Casa Piana, 23
Casas de cambio, 39, 40
casas de bolsa, 40
centros combiarios, 39
Census Bureau, 151
Central Intelligence Agency (CIA), 187
certificate of inspection, 148
certificate of manufacture, 149
Chavez, Hugo, 42
chiao hui, 74
Chicago, 105
Chile, 68, 104
China, 19, 26, 91, 94, 132, 139
banks, 46
bilateral trade with Mexico, 45
black market banks, 77, 84
dumping, 85
FATF mutual evaluation report, 81
fei-chien–flying money–underground finance, 74–87
Guangdong province, 77
illicit outflows, 76–77
immigrant smuggling, 84
informal financial networks, 77–78
involvement with BMPE, 45–46
organized crime, 80
presence in Africa, 81–83
presence in Tri-border area, 134
remittances, 71, 74–87
trade with Africa, 81–83
underground societies, 80
China shop, 82
chits, 76
chops, 76
Ciudad del Este, 135, 140
clearance, 149
Colombia, 26, 35, 36, 104, 131
economy, 39
FARC, 99
Financial Intelligence Unit (UIAF), 39
Ministry of Defense, 99
Ministry of Finance, 36
National Police, 94
Urabeños, 99
Colon, Hector X., 161, 168, 185
Colon Free Trade Zone, 45

cocaine, 36
combivar, 116
commercial trade-based laundering, 111–123
diversion, 112–116
mis-invoicing, 116–118
re-invoicing, 117
definition, 218
countervaluation, 7, 191–192, 218. See hawala
currency controls, 65
currency credits, 133
currency exchanges, 34, 56, 222
customer due diligence, 218
see also know-your-customer
Customs Service, 188–189
Customs and Border Protection (CBP), 129, 152, 153, 161, 218
cyber currencies, 59
Cyprus, 128
Czech Republic, 137

colon Free Trade Zone, 45
cocaine, 36
combivar, 116
commercial trade-based laundering, 111–123
diversion, 112–116
mis-invoicing, 116–118
re-invoicing, 117
definition, 218
countervaluation, 7, 191–192, 218. See hawala
currency controls, 65
currency credits, 133
currency exchanges, 34, 56, 222
customer due diligence, 218
see also know-your-customer
Customs Service, 188–189
Customs and Border Protection (CBP), 129, 152, 153, 161, 218
cyber currencies, 59
Cyprus, 128
Czech Republic, 137

d

D
Dahabshill, 50
DARTT, 161, 219
deKieffer, Donald, 113, 114
Denmark, 68
Department of Commerce, 153, 157
see also CBP, HSI, ICE, Secret Service
Department of Justice, 45, 187, 189
see also DEA, FBI
Bureau of Justice Assistance (BJA), 189
Department of State, 83, 85, 86, 101, 128, 135, 137, 159
Bureau of International Narcotics and Law Enforcement Affairs (INL), 159–160, 208
Department of Treasury, enforcement, 187–189
Office of Intelligence and Analysis (OIA), 179
Office of Terrorism and Financial Intelligence (TFI), 188
See also FinCEN, IRS, OFAC
destination control statement, 148
diamonds, 64, 93, 180
digital cash, 205
digital smurfing, 59
divert, 113–116
document fraud, 21, 164
doleiro, 27
Doreh, Issa, 66
Drug Enforcement Administration, 8, 36, 83, 94, 187, 191
Drug trafficking, 45, 84, 86
Dubai, 7, 19, 45, 61–62, 67, 100, 114, 117
Role in Afghan Transit Trade, 132–133
Iran’s lifeline, 134
INDEX

E
Ecuador, 43
Egmont Group, 159–160, 219
Egypt, 50
Ellissa Exchange Company, 24
Espadana Exchange, 67
European Union, 94, 137–138
exchange rate, 36, 53, 54, 56, 58, 77
restrictions, 35
export incentives, 23, 219
export license, 149
export promotion, 146

F
FALCON-DARTTS, 162
FARC, 99
FBI, 20, 41, 67, 80, 187, 189, 191, 201
fei chien, 34, 50, 74–87, 101, 219
guanxi, 75
history, 74–76
how it works, 78–79
trust, essential component, 74
similarities with hawala, 78–79
use in modern era, 76–78
Financial Action Task Force
(FATF), 2–3, 4, 6, 81, 129, 138, 158, 180–181, 219
40 recommendations, 2, 6, 204, 214, 220
regional bodies, 3, 181, 204, 208, 219
Financial Crimes Enforcement
Network (FinCEN), 2, 61, 78, 151, 159–160, 187, 219
FinCEN Geographic Targeting Order (GTO), 181
proposed wire rule, 183
financial intelligence, 2, 150–151, 196–202
availability, 201–202
Currency and Monetary Instrument Report (CMIR), 198, 218
Currency Transaction Reports (CTRs), 107, 219
FinCEN Forms, 196–198
Form 8300 (Cash over $10,000 Received in Trade or Business), 198–199
how used, 200–201
Report of Foreign Bank and Financial Accounts (FBAR), 198
Suspicious Activity Reports (SARs), 8, 41, 68, 150–151, 181, 199–200, 202, 222
Suspicious Transaction Reports (STRs), 151, 199, 202, 222
financial intelligence units (FIUs), 2, 159, 162, 186, 191, 201–202, 220
Financial Transparency Coalition, 103
flying money, 74–87, 220 (see fei-chien)
follow-the-money, 63, 196
foreign exchange dealers, 62
Foreign Narcotics Kingpin Designation Act, 41
Foz do Iguaçu, 134, 136
free trade zones (FTZs), 128–130, 220
Colon FTZ, 129
common terms for, 129
Hawaii FTZ, 139
number of, 129
Sharjah Airport Free Zone, 139

G
G-20, 180
Gabon, 55
Galeria Page, 140
Ghana, 25, 100
gift services, 34
GlaxoSmithKline, 116
Global Financial Integrity (GFI), 5, 76, 103, 116, 117, 118, 121, 179, 182
Global merchandise trade, 7, 14
Gold, 90–107
alteration, 95–96
anonymity, 93
cash-for-gold, 104
demand for, 94
E-gold, 95
four-nine gold, 93, 97
fraudulent schemes, 97–99
haven of wealth, 90–91
immunity to asset freezing, 94
layering, 97
medium of exchange, 91
popularity with money launderers, 90
prices, 92
scrap, 95, 97, 103, 153
smuggling, 99
use in Chinese flying money systems, 75
use in underground financial systems, 101
weight and quality, 92–93
Guardia di Finanza, 21

H
Hamas, 134
Harmonized System (HS), 152
codes, 153–154
Harmonized Tariff Schedule (HTS), 152, 220
Hawala, 34, 50–69, 101
access to financial networks, 58
advertisement, 63
black hawala, 51, 66
definition, 51, 220
countermeasures 64–65
countervaluation to settle accounts, 57, 59–60
fees, 53
hawaladars, 51, 54–55, 101, 220, 221
how hawaladars profit, 55
hundi, 221
in Italy, 74
ledger/book keeping, 64
legality, 61
magnitude, 50
origin, 52
prototypical transaction, 52, 57
recognize, 62
serving a need, 60
similarities with fei-chien, 78–79
trust, essential component, 57
Hawala (Continued)
use in Afghan Transit Trade, 130–134
white hawala, 61
hui, 34
hui kuan, 34, 74
hundi, 34, 51
Hassan Ayash Exchange Company, 24
Hezbollah, 25, 134
Homeland Security Investigations (HSI), 140, 161, 182
Hong Kong, 76–80, 84, 132
HSBC, 45
Human sources of information (HUMINT), 150

I
Immigration and Customs Enforcement (ICE), 104, 161, 164, 182
import license, 149
INCSR, 4, 43, 55, 83, 101, 137, 128, 221
India, 19, 61, 94, 132
remittances, 71
informal banking, 34
value transfer system, 34, 46, 221
information sources, 149–154
insurance, 138, 147, 149, 163
integration, 14, 16, 203, 221
Internal Revenue Service, 6, 188, 221
International Trade Commission (USITC), 152
invoice, 147
fraud, 14–22
manipulation made simple, 17
over-invoicing, 222
under-invoicing, 224
International Monetary Fund (IMF), 4, 50, 179
Iran, 26, 28, 67, 68, 91, 94, 114, 140
drug addiction rate, 131
sanctions, 26, 28, 94, 133
Iraq, 68
ISIS, Islamic State of Iraq and al Sham, 59, 106, 135
Istanbul, 117
Italy, 21, 74, 100, 158

J
Japan, 106
Joint Terrorism Task Force (JTTF), 140, 192, 201
Jordan, 68, 100
Customs bureau, 95

K
Khumalo, Bheki, 20
Know-Your-Customer (KYC), 2, 54, 73, 204, 218, 222
Kuwait, 91
Kyrgyz Republic, 50

L
Lansky, Myer, 196
Laxer, Mark, 156, 186
layering, 14, 15, 25, 97, 203, 222
Lebanese Canadian Bank, 24
Lebanon, 24
Lebanese community, 55, 57, 134
LeBlanc, Brian, 118
letter of credit, 30, 67, 113, 171
letter of inquiry, 146
Lesotho, 50
Lintner, Bertil, 84
Los Angeles, 21, 26, 40, 41
Lahiji, Hossein and Najmeh, 67
Luxembourg, 121–122, 139

M
M-payments, 59, 205
Magharian Brothers, 102–103
Manhattan Foreign Exchange, 66
Mansur, Marco Antonio, 165
Mexico, 22, 38, 40–41, 45, 85, 99, 100, 105
bilateral trade with China, 45
BMPE, 40–41
remittances, 50
VAT fraud, 137
merry-go-round fraud, 137
Miami, 140
migrant workers, 50
mis-invoicing, 116–118
missing trader fraud, 136
Moalin, Basaaly Saeed, 66
Mohamud, Mohamed
Mohamed, 66
Mogadishu, 67
Moldova, 50
money changers, 62
money remitters, 55, 59, 62, 67, 199
Money Gram, 50
money laundering
definition, 196
differences with terror finance, 204
investigating, 203–204
legislation, 202
methodologies, 204–205
origin of term, 196
predicate offenses, 6, 204
stages of, 14, 90, 203, 221, 222. See also placement, layering, integration
money services business, 23, 61, 199
definition, 222
Montenegro, 128
Morgenthau, Robert, 135

N
NAFTA, 41
Naylor, R.T., 51
New payment methods (NPMs), 205
Netherlands, 141
Economic Inspection Service, 141
New York City, 66, 68, 83, 84, 94, 95, 103, 104
Nigeria, 34, 50
North Korea, 85, 114
Numerically Integrated Profiling System (NIPS), 156–158, 209

O
offer sheet, 147
Office of Foreign Assets Control (OFAC), 41, 140
Operation Deluge, 164
Operation Fashion Police, 41
Operation Meltdown, 95, 104
Operation Polar Cap, 20, 102
Organization of Economic Development (OECD), 180
Ortega, Juan, 39
overshipping, 16
Index

P

padala, 34
Pakistan, 23, 50–51, 59, 61, 66, 68, 127, 131–134, 140
Panama, 20–21, 43, 104. See also free trade zones - Colon
paralelo, 27
Paraguay, 134–136, 140
Unified Tax Regime, 136
parallel banking, 34, 46, 222. See also informal value transfer systems
Pepsi, 121
Peru, 92, 94, 131
phantom shipping, 16
Philippines, 34, 50, 61, 84
Phoei kuan, 34, 74
placement, 14, 203, 205, 222
in the bmpe, 37, 39
via gold, 90
Poland, 86
Poncy, Chip, xii
Posse Comitatus, 105
pricing differentials, 112
purchase order, 147

R

Rayhani, Jafar Pour Jelil, 51
recommendations, 177–193
remitances, 50, 53, 57, 61, 67, 74–75, 133, 180
code, 56, 64, 222
Ria Money Transfer, 50
re-invoicing, 117
runners, 39, 197, 203.
See also smurfing and placement
returned goods, 85, 114, 122
Rotterdam, 114
Russia 7, 84, 92, 131

S

Salhab, Oussama, 25
sanctions, 26, 28, 41, 94, 133, 180, 188, 214. See also Iran
sacoleiros, 135
sarafi, 51
Saudi Arabia, 61, 68, 94, 100
Schiphol airport, 141
Schmidt, Eric, 163
Secret Service, 188–189
service-based laundering, 223
Semsky, Donald, 38
Senegal, 116
Shahzad, Faisal, 68
shell corporations, 113, 118, 171, 205, 219, 223
Shidaal Express, 66
shipping process, 147
shippers export declaration (SED), 18, 148
short shipping, 16
Singapore, 84, 114, 132
Sinola Drug Cartel, 105
Sister Ping, 84
smurfing, 39, see structuring, placement
definition, 223
Snakehead, 84
Somalia, 66–68
   Eastleigh district in Nairobi, 68
South Africa, 7, 20, 92, 100, 103, 121, 127
   Treasury and Revenue Service, 121
South Korea, 28, 85
souks, 62, 133
specially designated global terrorist (SDGT), 140
State and Local Anti-Terrorism Training (SLATT), 189
structuring, 200, 202, 205, 223, see smurfing
Suarez, Luis Eduardo, 39
Suspicious Activity Reports (SARs), see financial intelligence
Switzerland, 93, 103, 114, 118

T
tael bars of gold, 93
task forces, 190–193, 201, 223, see also FATF
Tajikistan, 50
Taliban, 105, 130
Taiwan, 78, 80, 100, 101
T'ang Dynasty, 74, see China
tax avoidance, 14, 35, 65, 82, 121
tax reform, 65
terror finance, 23, 204
Thailand, 76
Thompson, Edwina, 140
Times Square bombing, 68
Tobon, John, 180, 183
Togo, 25
tola bars of gold, 93
trade
monitoring, 145–165
steps in the trade process, 146–149
trade-based money laundering analytics, 65, 156, 163–164, 184
anomalies, 18, 65, 146, 149, 152, 155–157, 162–163, 219, 224
commercial, 111–123
countervaluation, 7, 57, 191–192, 218. See hawala
definition, 3, 223
magnitude, 4–9, 179
next frontier, 9, 121, 174, 178, 183, 193
red flag indicators, 168–173
trade diversion, 112–116, 223
trade finance, 3, 14, 146, 168, 174
trade transparency, 18, 62, 65, 158
trade transparency units (TTUs), 158–164
countries with, 161
defined, 224
expansion of network, 183–187
in National Anti-Money Laundering Strategy Report, 161
non-traditional, 186
Operation Deluge, 164
original proposal, 207–208
total seizures by, 162
transfer pricing, 3, 7, 112, 118–122, 123, 180, 223
triads, 80, 84
Tri-border area, 27, 134–136, 223
Tri-county task force, 38
Turkey, 26, 103, 116, 131, 140

U
U-boat scheme, 113–116, 122
Ukraine, 50, 68, 100
   VAT fraud, 137
Underground finance, 34, 46, 84, 85, 191, 224
United Arab Emirates, 61, 68, 192
United Kingdom, 114, 138, 140, 141
   Financial Conduct Authority (FCA), 174
United Nations
   Office of Drug Control, 8
   Office on Drugs and Crime (UNODC), 4, 131
   Conference on Trade and Development (UNCTAD), 156
United States
   See Central Intelligence Agency, the Department of Commerce, the Department of Homeland Security, the Department of Justice, the Department of State, and the Department of Treasury
Urabeños, 99
Uruguay, 21, 165
USA Trade Online, 151

V
Value Added Tax (VAT), 86, 103–104, 136–139, 141, 224
Value transfer, 3, 6, 36, 52, 106, 121, 126, 158, 160, 178
Venezuela, 7, 104
   black market, 42
BMPE, 42–44
   Center for Foreign Trade, Cencoex, 43
   examples of inflated invoices, 44
   Margarita Island, 43
Vietnam, 50, 100

W
War on Drugs, 158
   President Nixon’s declaration, 2, 196
Western Union, 50
wildlife trafficking, 85
willful blindness, 38
Wolfsberg Group, 168
World Bank, 50, 179
World Customs Organization, 152, 180, 224

Z
Zambia, 118
Zdanowicz, John, Dr., 6, 18, 121, 154