

Working as a Financial Investigator & Analyst



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Learning Objectives:

TLO 5. Incorporate financial analysis into criminal case development.

ELO 5.1 Explain the purpose and investigative techniques of financial analysis.

ELO 5.2 Introduce initial lead development.

ELO 5.3 Describe the investigation and criminal case development.

ELO 5.4 Describe case investigation and prosecution.



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Purpose and Techniques Description

LEAD DEVELOPMENT	Identify suspects, associations, SUA/violations, disposition the lead and reach a standard of proof
INTELLIGENCE	Identify sources of illicit revenue, illicit markets, the players
CASE DEVELOPMENT	Identify proceeds of crime and incorporate into a criminal investigation
PROSECUTION	Develop the theory of the case and asset forfeiture

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Discoveries

UNKNOWN SOURCE OF INCOME	Identify illicit revenue generation and motive.
PROCEEDS & ASSETS	Identify proceeds from crime and control or ownership of assets that can be forfeited.
MONEY LAUNDERING	Develop criminal or civil proceeding for money laundering violations.
IMMINENT THREAT	Detect or identify crime or violence funding.

Year	Assets	Liabilities	Net Worth
2019	\$ 1,100,000	\$ 200,000	\$ 900,000
2020	\$ 1,200,000	\$ 250,000	\$ 950,000
2021	\$ 1,300,000	\$ 300,000	\$ 1,000,000
2022	\$ 1,400,000	\$ 350,000	\$ 1,050,000
2023	\$ 1,500,000	\$ 400,000	\$ 1,100,000
Total	\$ 5,500,000	\$ 1,500,000	\$ 4,000,000

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Analytical Methodologies and Techniques

UNKNOWN SOURCE OF INCOME

Identify illicit revenue generation and motive.

PROCEEDS & ASSETS

Identify proceeds from crime and control or ownership of assets that can be forfeited.

MONEY LAUNDERING

Develop criminal or civil proceeding for money laundering violations.

IMMINENT THREAT

Detect or identify crime or violence funding.

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The Logical Progression and Criminal Procedure

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Three Phase Progression



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Initial Lead Development

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Developing The Lead



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Developing The Lead

- **Objective:** Disposition the lead - determine if further investigation is warranted
- **Working standard of proof: REASONABLE SUSPICION.** Will work under Fourth Amendment limitations.
- **Participants: case agent and analyst**

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The Steps

1 - Receive a lead

Alexander LaFrance

- Business owner
- Allegedly helps local DTO



The Steps

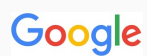
2 - Determine suspect's personal baseline

Alexander LaFrance

- Business owner
- Allegedly helps local DTO

Findings

- No criminal record
- Owner of Guadalajara restaurant



The Steps

3 - Identify associations



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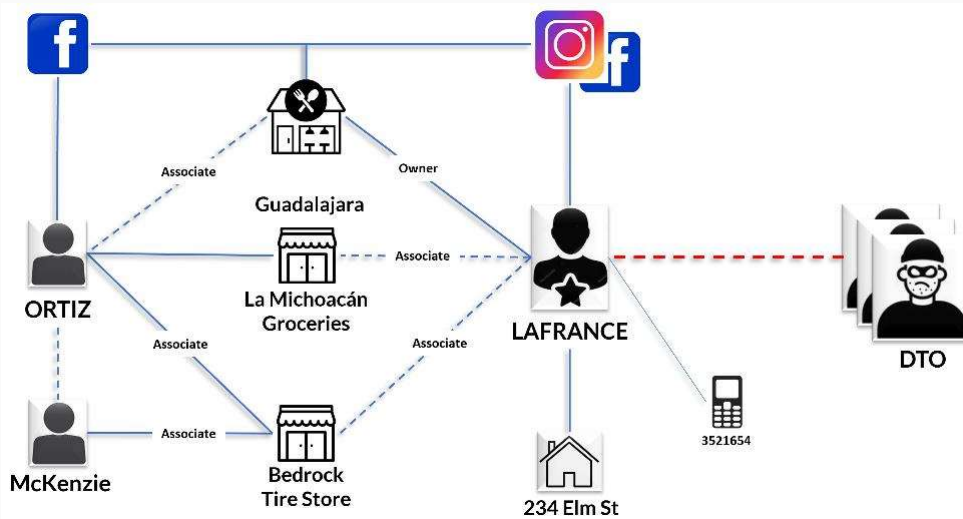
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The Steps

4 - Aggregate findings



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The Steps

5 - Financial data collection

Alexander LaFrance

Findings

- LaFrance & Ortiz have CTRs
- LaFrance has two 8300s
- LaFrance has two SARs
- Ortiz has two SARs
- LaFrance has past ownership of companies

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The Steps

6 - Identify unknown sources of income

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Findings

- Not enough data to identify profligate lifestyles or spending (take note for further investigation)

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The Steps

7 - Formulating a hypothesis

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Hypothesis

- **LaFrance & Ortiz are owners of fronts used to launder proceeds from criminal activity.**

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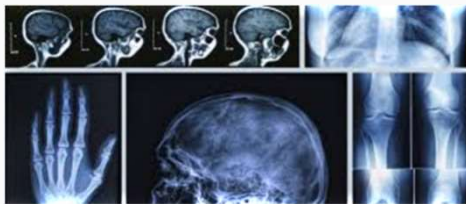
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The Steps

8 - Revealing the organization

Alexander LaFrance

Financial transaction analysis can give x-ray vision...



Preliminary conclusion

- **LaFrance & Ortiz are supporting money laundering and movement of funds operations.**
- **Using front companies.**

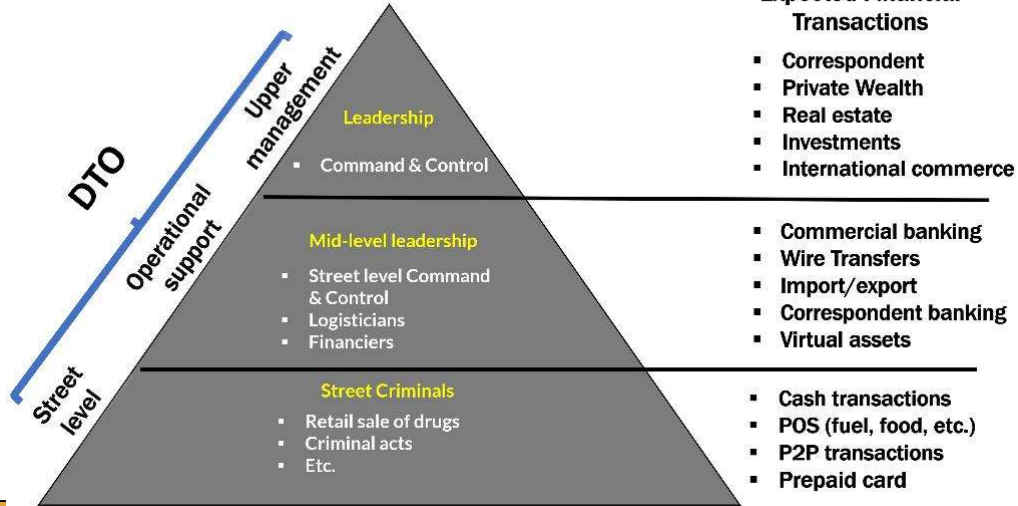
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The Steps



Expected Financial Transactions

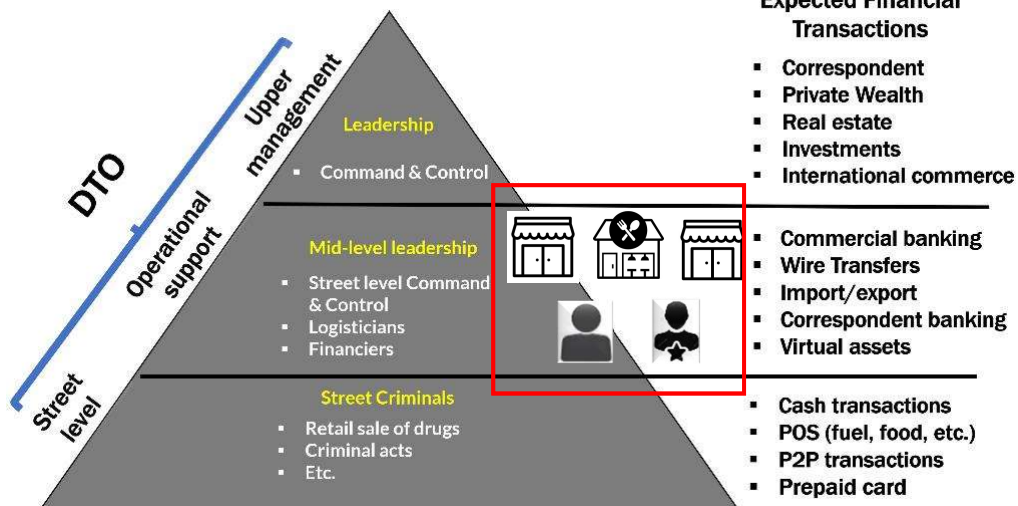
- Correspondent
 - Private Wealth
 - Real estate
 - Investments
 - International commerce
-
- Commercial banking
 - Wire Transfers
 - Import/export
 - Correspondent banking
 - Virtual assets
-
- Cash transactions
 - POS (fuel, food, etc.)
 - P2P transactions
 - Prepaid card

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The Steps



Expected Financial Transactions

- Correspondent
 - Private Wealth
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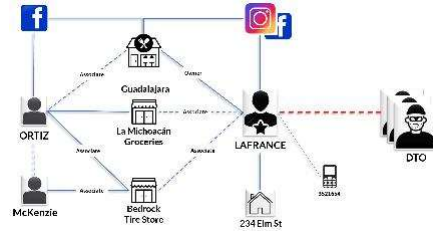
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The Steps

9 - Network charting

- **Organization**
 - Hierarchy
 - Roles (especially financiers)
- **Persons or entities of interest (PI/EP)**
- **Witnesses**
- **Victims**
- **Evidence**



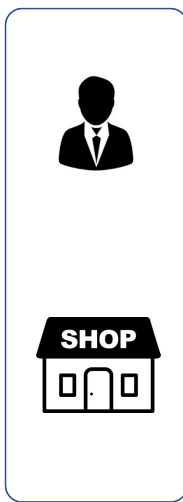
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A Relevant Note...



- ✓ Store money & value
- ✓ Move money & value
- ✓ Payment transactions

- ✓ Financial service Institution
 - ✓ Professional services
- 
- A stylized icon of a classical building with columns, labeled 'BANK'.

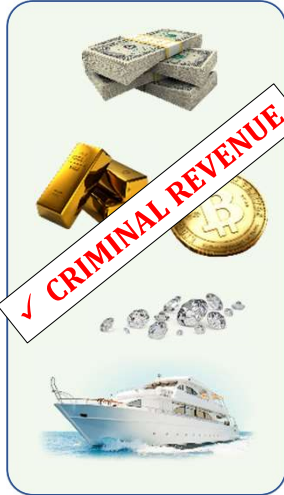
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A Relevant Note...



- ✓ Store money & value
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- ✓ PLACEMENT
- ✓ FUNDING CRIME

- ✓ Financial service Institution
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A Relevant Note...



- ✓ Store money & value
- ✓ Move money & value
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- ✓ PLACEMENT
- ✓ FUNDING CRIME

- ✓ Financial service Institution
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What is the trail?

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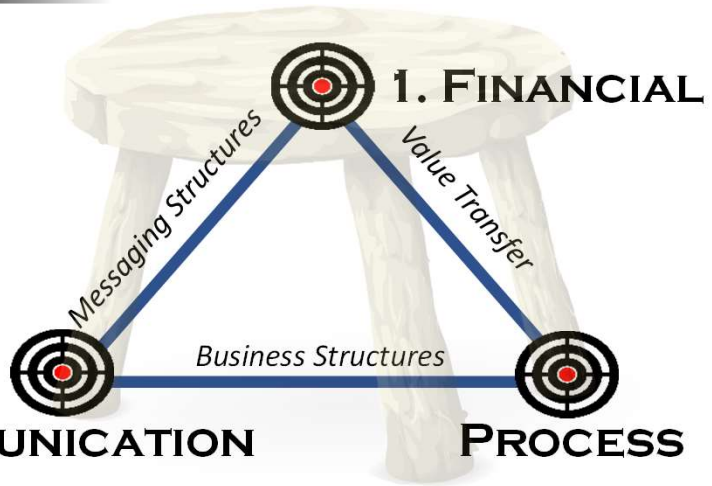
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Three Vulnerability Targets

- Financial Systems Contain:**
- ✓ Storage of Evidence
 - ✓ Instruments of Financial Crime & Terror Finance
 - ✓ Victim



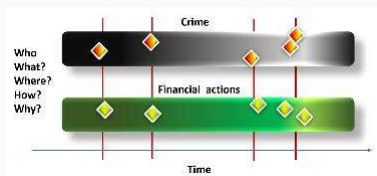
The Steps

10 - Preliminary argument

Alexander LaFrance

Hypothesis

- LaFrance & Ortiz are owners of fronts used to launder proceeds from criminal activity.



The Steps

11 - Disposition the case

Alexander LaFrance

Hypothesis

- **LaFrance & Ortiz are owners of fronts used to launder proceeds from criminal activity.**

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Investigation and Criminal Case Development

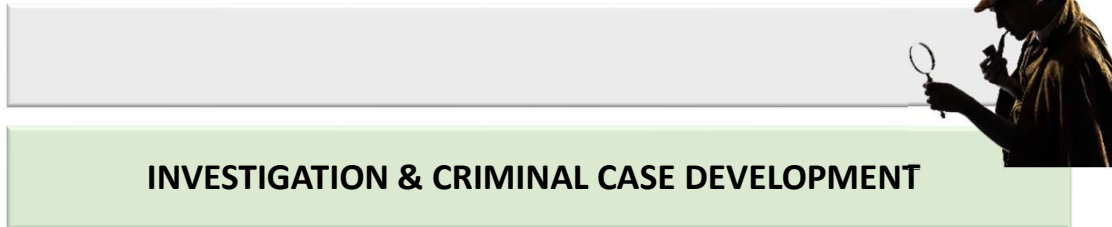
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Three Phase Progression



Developing The Lead

- **Objective: Develop the theory of the case and reach **probable cause** (determine if a further full criminal investigation is warranted)**
- **Working standard of proof: **reasonable suspicion**. Will work under Fourth Amendment limitations**
- **Participants: case agent, analyst, & group supervisor**



Preparing A Criminal Case

1 - Case management

- Identify case relevant data, information, or evidence gaps
- Setting financial data collection priorities
- Field data collection planning



Preparing A Criminal Case

2 - Case management

Collection

- LaFrance & Ortiz SAR supporting documents review
- Bank statement review of Guadalajara shows suspicious activity (placement)

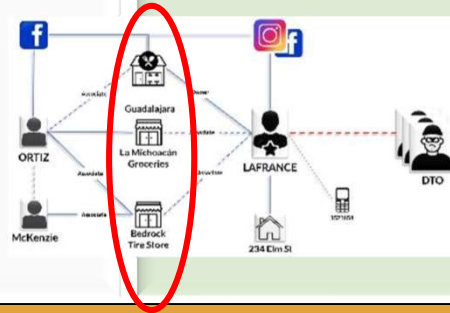


Preparing A Criminal Case

3 - Money laundering investigation

Collection

- Potential front companies identified



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Preparing A Criminal Case

4 - Analysis

Collection

- Potential front companies identified



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Case Investigation And Prosecution

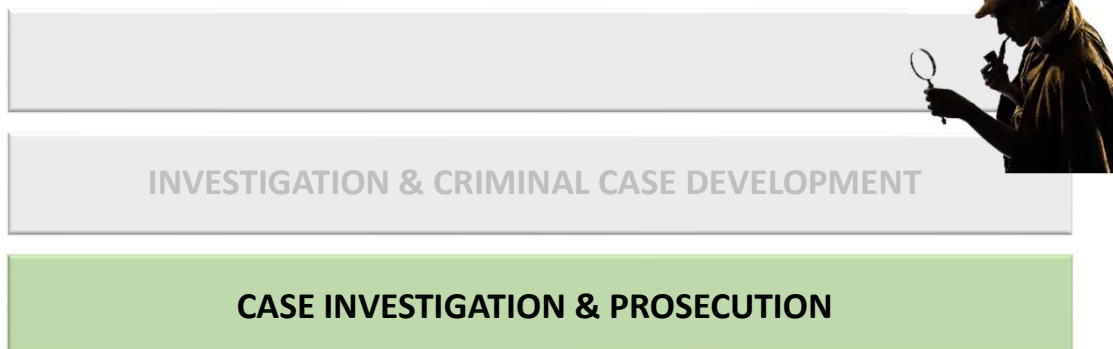
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Three Phase Progression



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Prosecution

1 - Case management

Collection

- Potential front companies identified



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Questions?



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