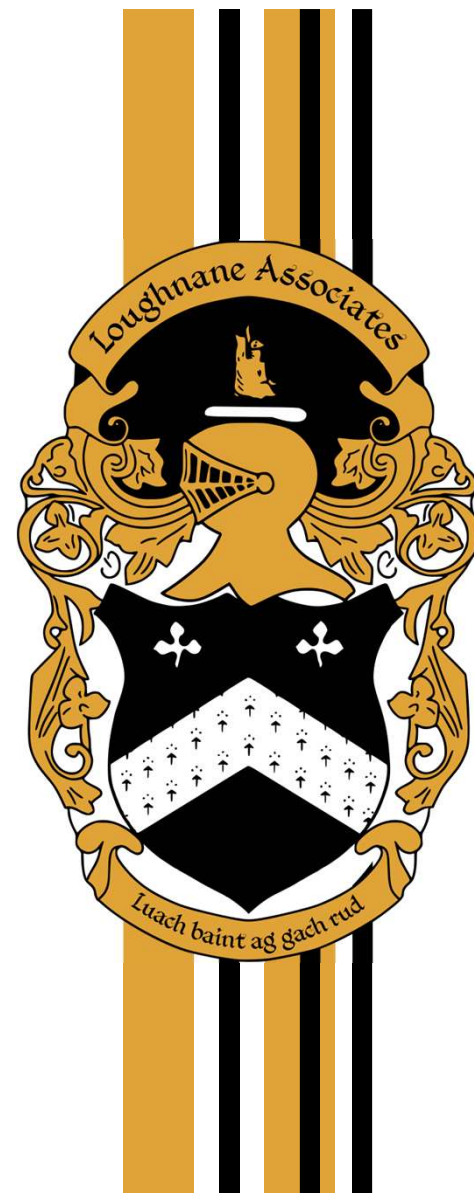


# Working as a Financial Investigations Analyst

Loughnane Associates LLC  
*Value Touches Everything*



Huxley Orion



## **Section One**

# **INTRODUCTION TO CRIMINAL FINANCE ANALYSIS**

## **Purpose and techniques description**

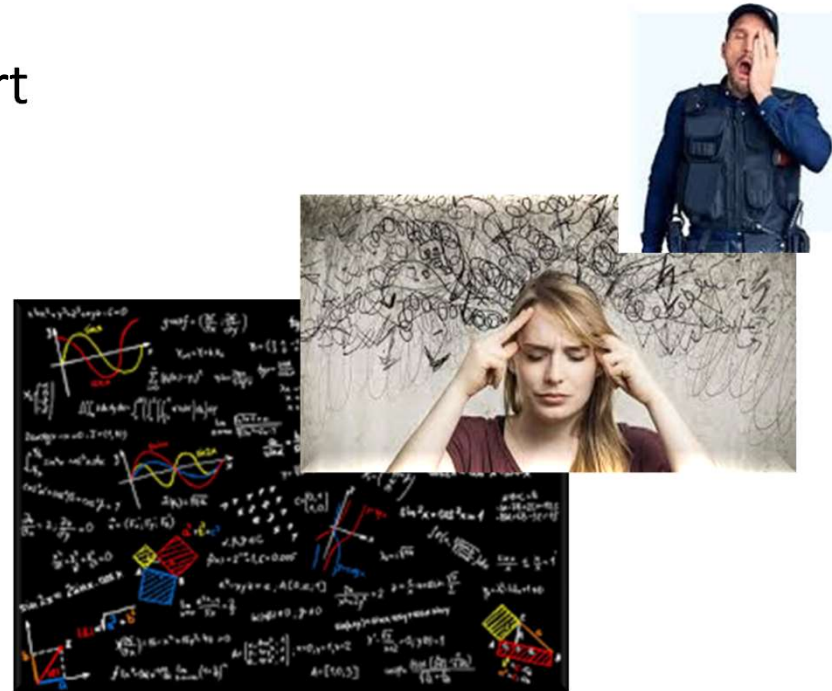


# INTRODUCTION TO CRIMINAL FINANCE ANALYSIS

## 1. Not complicated

a. No need to be a financial expert

b. No need to be an accountant



## 2. WHAT CAN IT BE USED FOR...

### Lead development

- Basic target (persons of interest) profile (who they are)
- Reach a desired standard of proof
- Disposition initial lead

### Intelligence

- Associations
- Events
- Illicit markets
- Organizations
- Threat spending

### Criminal case

- Discover circumstantial & direct evidence
- Money laundering investigation
- Integrated (parallel) investigation
- Unknown source of income investigation



# Discoveries

- a. Unknown sources of income  
→ provides a premise for arguing illicit source of funds (SUA/violation)
- b. Assets  
→ identifies illicit proceeds for asset forfeiture
- c. Money laundering  
→ enables criminal or civil money laundering proceedings
- d. **Imminent threat intelligence**  
→ identifies high risk spending patterns to operationalize funds for illicit activity or terrorist attack



# Analytical Methodologies and Techniques

## a. Unknown source of income analysis

- Direct
- Indirect

## b. Transactional data review

## c. Risk profiling data parsing

## d. Financial forensics

		Year one	Year two
<b>Assets (at cost)</b>			
Cash-on-hand	\$	0	\$ 0
Bank account balance		3,500	6,500
Stocks and bonds		6,500	10,500
Real estate—residence		135,000	135,000
Automobile		23,000	23,000
Boat		0	23,500
<b>Total</b>	<b>\$</b>	<b>168,000</b>	<b>198,500</b>
<b>Liabilities</b>			
Mortgage	\$	92,000	\$ 73,000
Automobile		13,275	7,850
<b>Total</b>	<b>\$</b>	<b>105,275</b>	<b>80,850</b>
<b>Assets</b>		<b>168,000</b>	<b>198,500</b>
<b>Liabilities</b>		<b>105,275</b>	<b>80,850</b>
<b>Net worth</b>	<b>\$</b>	<b>62,725</b>	<b>117,650</b>

Date	Amount KSh	Reci					
Nov 2 2017	2000	One Re					
Dec 5 2017	3500	Two Ri					
Dec 22 2017	1200	Three Recipient	752546	Personal	639022541234567	639022548527413	
Feb 8 2018	800	One Recipient	989812	Personal	639022541234567	639022541234567	
Jun 14 2018	1000	One Recipient	989812	Personal	639022541234567	639022541234567	
Jun 21 2018	840	One Recipient	989812	Personal	639022541234567	639022541234567	
Aug 22 2018	1023.54	Business One	b874293	Business	639022541234567	800000001	
Oct 17 2018	900	One Recipient	989812	Personal	639022541234567	639022547539515	
Oct 17 2018	900	Two Recipient	458763	Personal	639022541234567	639022548527413	
Nov 28 2018	2300	Recipient Three	665842	Personal	639022541234567	639022548527413	
Dec 19 2018	1000	One Recipient	989812	Personal	639022541234567	639022547539515	



## **Section Two**

# **FINANCIAL INVESTIGATIONS**

## **Logical progression and criminal procedure**



# Three Phase Progression

**INITIAL LEAD DEVELOPMENT**

**INVESTIGATION & CRIMINAL CASE DEVELOPMENT**

**CASE INVESTIGATION & PROSECUTION**





# Three Phase Progression

**INITIAL LEAD DEVELOPMENT**

**INVESTIGATION & CRIMINAL CASE DEVELOPMENT**

**CASE INVESTIGATION & PROSECUTION**



- **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**



## The steps

### 1. Receive a lead

- Identify suspects
- Identify SUA/violations

### Alexander LaFrance

- Business owner
- Helps local DTO



## The steps

### 2. Identify target's baseline

- Internal LEA database review
- Commercial data aggregator review
- Precursory open-source research
- Other inquiries



### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- No criminal record
  - Owner of  
GUADALAJARA  
GRILL HOUSE



## The steps

### 3. Identify counterparties

- Identify baselines

#### Identify target's baseline

- Internal LEA database review
- Commercial data aggregator review
- Precursory open-source research
- Other inquiries

### 4. Aggregate findings

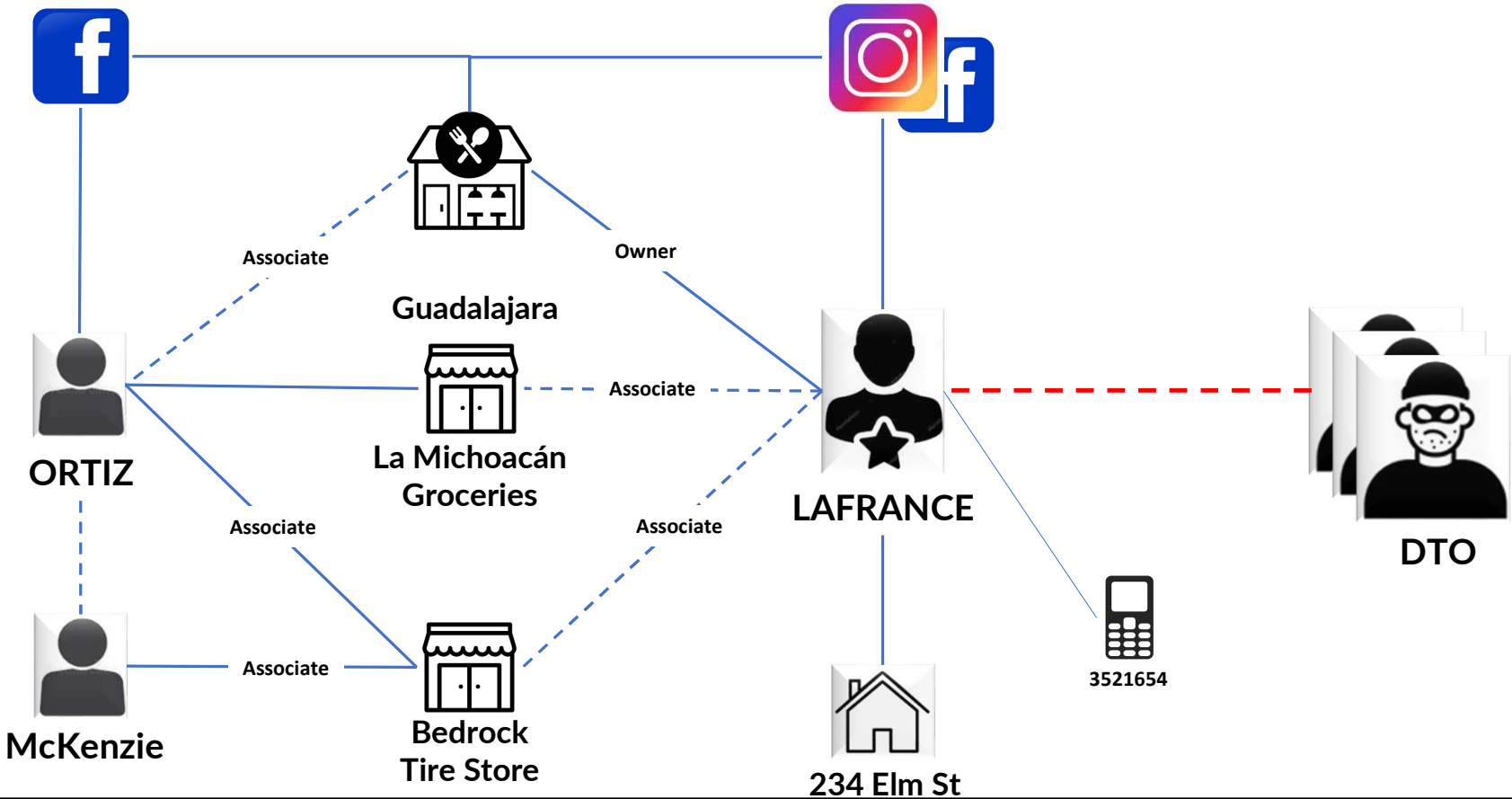
- Associations
- Assets
- Criminal activity

## Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- No new relevant data on LaFrance
  - ORTIZ, Nidia related two of LaFrance's nodes



# ASSOCIATIONS -



## The steps

### 5. Financial data collection

- **FinCEN data review**  
(SARs, CTRs, 8300s, FBAR, CMIRs)
- **Commercial data aggregators**
- **Public records**

### Alexander LaFrance

- Business owner
- Helps local DTO
- LaFrance & Ortiz have CTRs
- LaFrance two 8300s
- LaFrance has two SARs
- Ortiz has two SARs
- LaFrance has past ownership of companies



## The steps

### 6. Identify unknown source of income

- Indirect method
- Direct method

### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- Not enough data to identify profligate lifestyles or spending (take note for further investigation)





## The steps

### 7. Formulating Hypotheses

- Primary hypothesis
- Competing hypothesis

### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- LaFrance & Ortiz are enabling placement of drug proceeds



## The steps

### 8. Organizational echelon charting

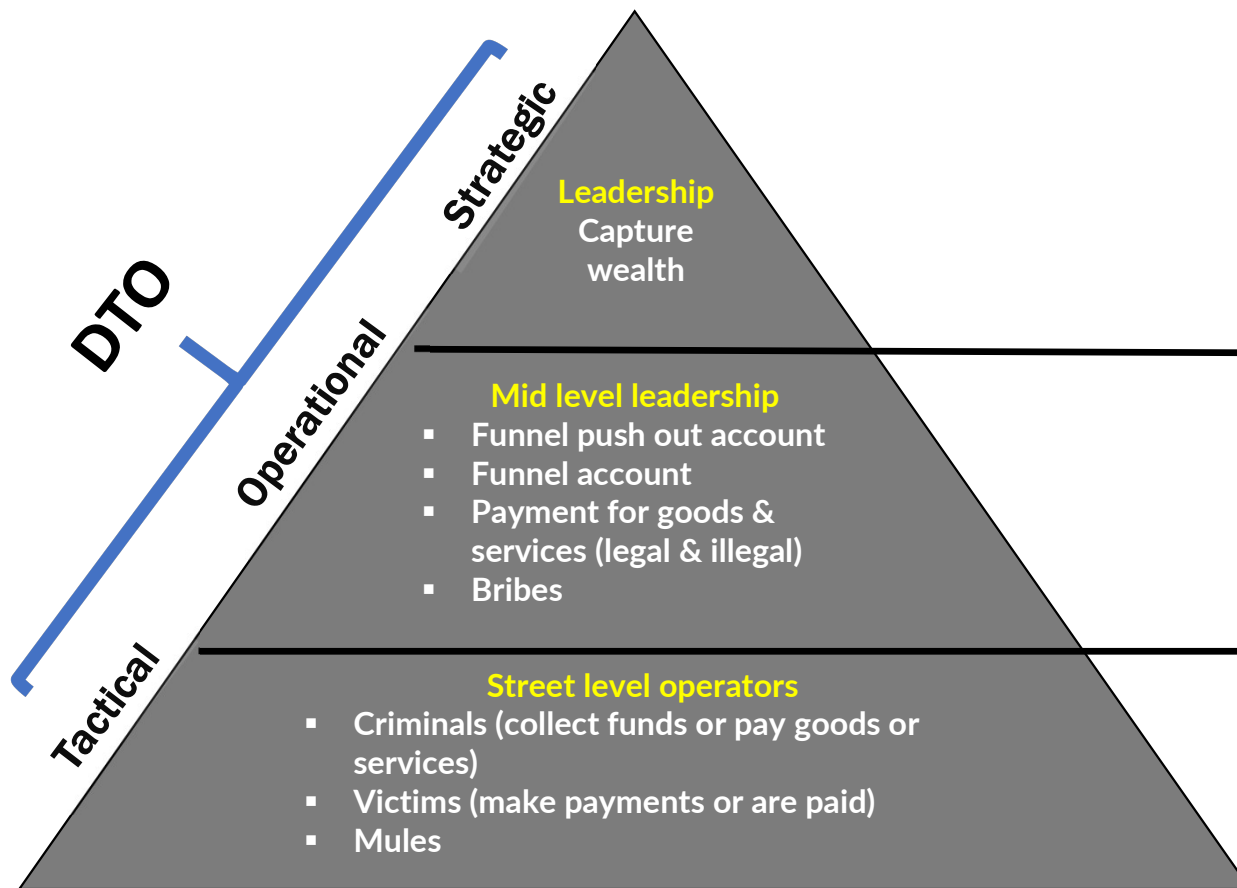
*Financial transaction analysis can give  
x-ray vision...*



### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- LaFrance & Ortiz are enabling placement of drug proceeds

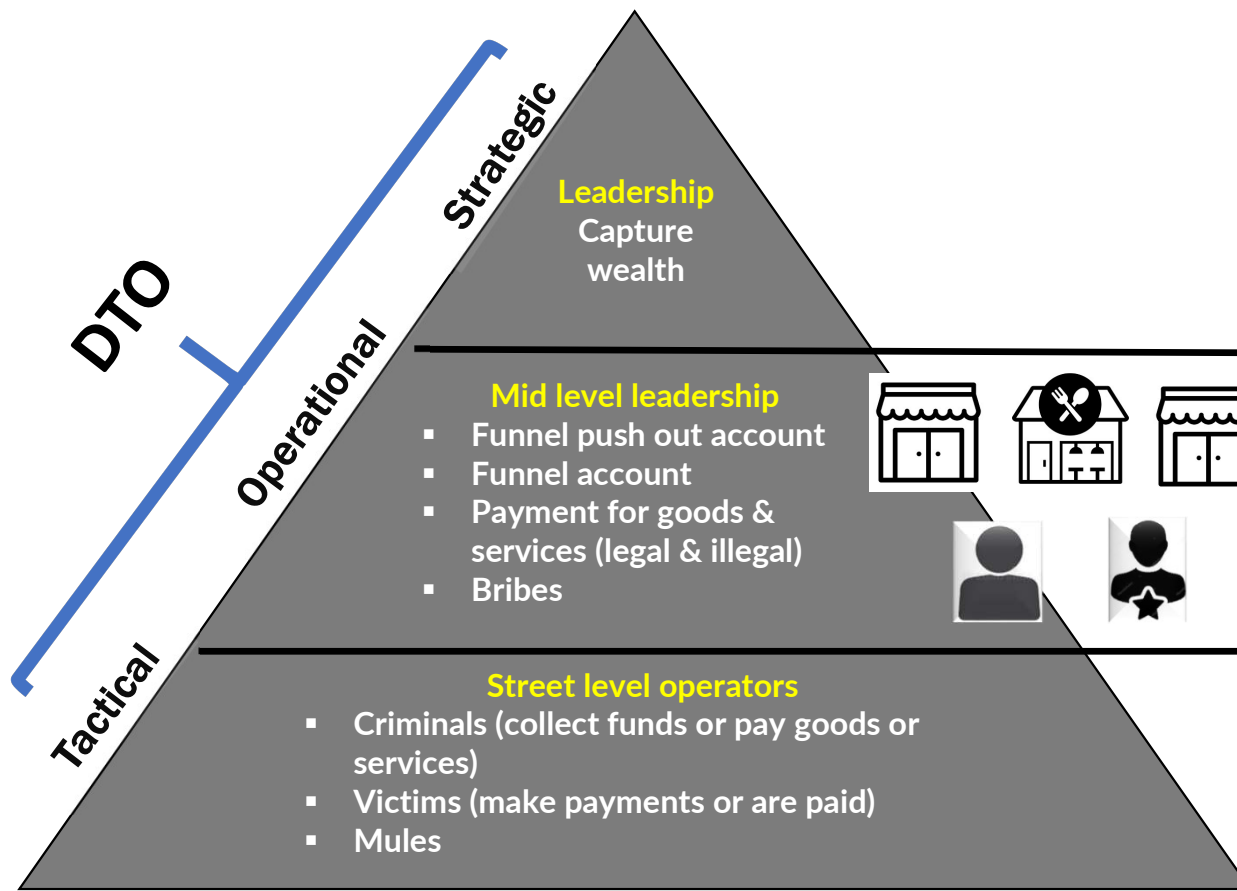




## Financial Transactions

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





## Financial Transactions

- Correspondent
- Private Wealth
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- Commercial banking
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- Virtual assets

- Cash transactions
- POS (fuel, logistics, etc.)
- P2P transactions
- Prepaid card



## The steps

### 9. Network charting

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



### Alexander LaFrance

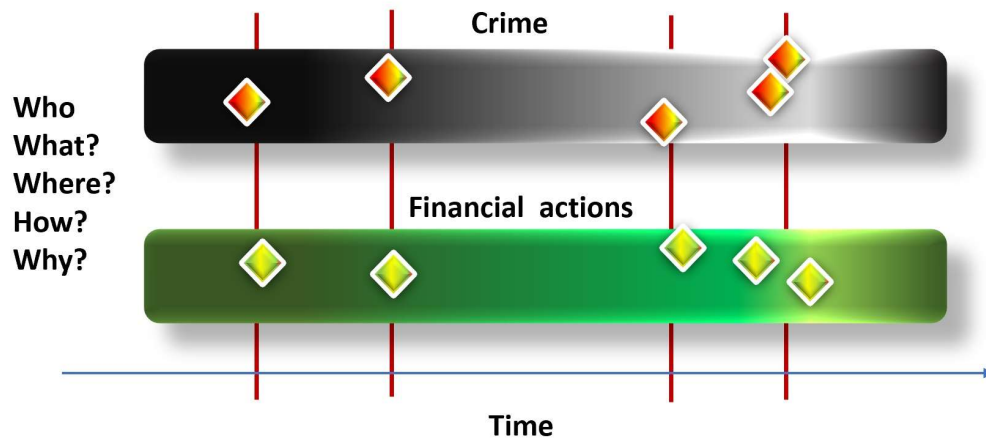
- Business owner
  - Helps local DTO
- 
- LaFrance & Ortiz have and control resources that can enable the placement of drug proceeds



## The steps

### 10. Preliminary argument

- Fact based statements that describe suspicious activity
- Correlations between suspicious financial activity and criminal acts



### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- Need to identify if cash deposits and subsequent movements follow the patterns of criminal acts



## The steps

### 11. Disposition preliminary data review

- Narrative with conclusion
- Visual summaries or supportive products
- Information gap
- Recommendations

### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- LaFrance & Ortiz could be enabling placement of drug proceeds
  - Might be midlevel players within a DTO



# Three Phase Progression

**INITIAL LEAD DEVELOPMENT**

**INVESTIGATION & CRIMINAL CASE DEVELOPMENT**

**CASE INVESTIGATION & PROSECUTION**





- **Objective: Develop the theory of the case and reach **Probable Cause** (determine if further full criminal investigation is warranted)**
- **Working standard of proof: **Reasonable Suspicion**. Will work under Fourth Amendment limitations.**
- **Participants: case agent, analyst and group supervisor**



## The steps

### 1. Case management

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



### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- LaFrance & Ortiz could be enabling placement of drug proceeds
  - Might be midlevel players within a DTO



## The steps

### 2. Financial data collection

- Field collected (assets, business activity patterns, lifestyle)
- SAR supporting documents
- Public records
- Administrative subpoena

### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- LaFrance & Ortiz SAR supporting documents review
  - Bank statement review of Guadalajara shows suspicious activity (placement)



## The steps

### 3. Money laundering investigation

- Placement analysis
- Typologies and mechanisms
- Document exploitation
- Flow of funds

### Alexander LaFrance

- Business owner
  - Helps local DTO
- 

- Potential front companies identified



## The steps

### 4. Case adjustments

- Confirm or modify working hypothesis
- Reassess targets and persons of interest

### Alexander LaFrance

- Business owner
  - Helps local DTO
- 
- Remains the same



## The steps

### 5. Analysis

- Financial Data (transactional review, assets review, net worth, fund flows)
- Parallel correlation analysis (criminal acts, events, actors and transactions)
- Data aggregation
- Interpretation

### Alexander LaFrance & Ortiz

- Fronts
  - Helps local DTO
- 
- Few assets
  - Money flows out of jurisdiction
  - Cash deposits correlate with end of week drug sales
  - Low denomination cash



## **Case Study.**

### **La Michoacán Grocery**



# Three Phase Progression

**INITIAL LEAD DEVELOPMENT**

**INVESTIGATION & CRIMINAL CASE DEVELOPMENT**

**CASE INVESTIGATION & PROSECUTION**





# Discoveries

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→ enables criminal or civil money laundering proceedings
- d. **Imminent threat intelligence**  
→ identifies high risk spending patterns to operationalize funds for illicit activity or terrorist attack



- **Objective: Develop the theory of the case and reach **Beyond Reasonable Doubt** (determine if further full criminal investigation is warranted for TRIAL)**
- **Working standard of proof: **Probable Cause.****
- **Participants: case agent, analyst, group supervisor and prosecutors.**



# The steps

## 1. Case management

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



## The steps

### 2. Judicial orders

Warrants, subpoenas, grand jury subpoenas, orders of seizure.

- Financial institutions (all target related documents)
- Target's books
- Third party company records and receipts
  - Professional service records and receipts
  - Logistics support records and receipts
  - Ancillary companies records and receipts

### Alexander LaFrance & Ortiz

- Fronts
- Helps local DTO
  
- Bank accounts
- Books



## The steps

3. Proffers
4. Forensic accounting
5. Data aggregation & analysis
6. Disposition
  - Criminal case
  - Civil case
  - No case
7. Trial



# Questions?

**Loughnane Associates LLC**  
*Value Touches Everything*



**Huxley Orion**

