ACAMS | Certificates

Trade-Based Money Laundering
Course Syllabus

Audience

The primary target is the frontline analyst, teaching skills that benefit new and experienced employees, especially as regulator and market expectations increase. This course assumes the employer has already introduced that organization's unique roles, processes, systems, and common cases, and this course will not conflict with those. To bring all learners to a shared baseline of terminology, concepts, and processes, the course starts with the "*Essentials*" video and then builds from there.

The course is written and presented by subject matter experts working around the world. It pulls examples from many countries, and is globally appropriate. The lessons and examples are relevant to any industry. A primary focus is "financial institutions," including banks, credit unions, asset managers, insurance, MSB, securities broker-dealers, credit card issuers, alternate payment systems, etc.

Course structure

ACAMS allows you 4 calendar weeks to complete **4 hours of coursework,** including a final assessment. You will be guided using a learning path on ACAMS' learning management system (LMS). Follow carefully all instructions. Live virtual classroom events are pre-scheduled before you purchase the course. 4 weeks from the course start date your access expires.

	Assignment	Format	Download from LMS
Week One	30 mins – VIDEO "*Essentials*"	Video: Self-paced, available anytime	PDF quick reference
Week Two	90 mins – VIRTUAL CLASSROOM	Live event: See LMS for date/time. Later a recording will be on the LMS.	PDF slides
Week Three	90 mins – VIRTUAL CLASSROOM	Live event: See LMS for date/time. Later a recording will be on the LMS.	PDF slides
Week Four	15 mins – HOMEWORK 15 mins – ONLINE ASSESSMENT	Self-paced, available anytime Self-paced, available anytime	PDF assignment PDF ACAMS certificate

To earn the certificate you must pass the assessment within the 4 weeks. The assessment has 20 questions. The minimum passing score is 80%. Multiple attempts are allowed. When you pass, your ACAMS Certificate will be available in the learning path itself. Click to download a PDF. ACAMS will automatically add 4 CAMS Credits to your profile.

Technical requirements

The course is compatible with most operating systems and browsers to make it easy to participate. The video, homework, and final assessment are mobile-friendly. The virtual classroom uses Webex Event Center which currently does not support mobile devices. The ACAMS Learning Management System (LMS) is https://acams.exceedlms.com. Contact your organization's IT department for assistance.

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Trade-Based Money Laundering

Assess and reduce your AML risk of trade transactions.

Behavioral outcomes of this course:

1. Describe the purpose, appeal, and methods of trade based money laundering
2. Assess the AML risk profile of proposed trade transactions
3. Integrate TBML controls with existing AML/CTF program

Course content

Crime
1) Describe the purpose, appeal, and methods of trade-based money laundering
   a) FATF, dominant money laundering methodologies
      i) Via banks
      ii) Bulk cash smuggling
      iii) Trade-based money laundering
   b) What is TBML?
      i) FATF defines TBML as "the process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimize their illicit origins."
   c) How big is the problem?
      i) Money laundering verses TBML
   d) Three stages of TBML
      i) Placement
         (1) Dirty money becomes goods
      ii) Layering
         (1) Trade goods move across borders
      iii) Integration
         (1) Resale of goods
   e) Why here, why now?
      i) Tradition, been around hundreds of years
      ii) Government regulation
      iii) Low risk for criminal due to lack of scrutiny and volume of trade
   f) Why do we care?
      i) Increased government regulations
      ii) Why is there more regulation?
         (a) TBML prevention = Increased government revenue
   g) How?
      i) Three Methods of TBML
         (1) Falsify the price of goods
            (a) Invoice Manipulation
         (2) Falsify the quantity of goods shipped
            (a) Over, short, and phantom shipment of goods
         (3) Falsify the quality or type of goods or services
            (a) Falsely described goods and services
      ii) Why Gold?
         (1) Assured value worldwide
         (2) Very hard to trace
         (3) Store wealth and is easy to exchange worldwide
         (4) Cultural demands for gold

          (5) Used in underground financial systems
- iii) TBML Case Studies:
  - (1) Operation Meltdown
  - (2) Operation Polar Cap
  - (3) Fake gold sales
- iv) Informal Money Transfer Systems
  - (1) Hawala - money transfer without money movement
    - (a) Reliable, easy, and cheap
    - (b) No promissory instruments exchanged
    - (c) Based on Trust
    - (d) No legal enforcement for debts
    - (e) No permanent records maintained
    - (f) Mainly immigrants sending money home
    - (g) Account Settlement
      - (i) Bank-to-bank wire transfers
      - (ii) Bulk cash
      - (iii) Cyber currencies
      - (iv) Trade-based value transfer
  - (2) Black Market Peso Exchange
    - (a) Regional black market based on criminal international trade
    - (b) Columbian drug cartels use to launder drug money
- v) Trade-Based Fraud
  - (1) Value added tax (VAT) fraud or carousel fraud
  - (2) Trade misinvoicing
  - (3) Transfer pricing
  - (4) Trade diversion
- vi) TBML References
  - (1) 2006 FATF Typology Report on Trade-Based Money Laundering
  - (2) 2012 Asia Pacific Group Typology Report on Trade-Based Money Laundering
  - (3) 2014 Federal Financial Institutions Examination Council's Bank Secrecy Act/Anti-Money Laundering Examination Manual
  - (4) 2010 FinCEN Advisory to Financial Institutions on Filing Suspicious Activity Reports regarding Trade-Based Money Laundering

Punishment

2) Assess the AML risk profile of proposed trade transactions
- a) Evidence Based Risk assessment
  - i) Clients
    - (1) Who/what poses a risk?
      - (a) Foreign financial institutions (correspondent banks)
      - (b) Non-bank financial institutions (MSBs, casinos, card clubs)
      - (c) PEPs
        - (i) Case study: Commerzbank
      - (d) Cash-intensive businesses
        - (i) Case study: New York car salesman
      - (e) Charities
        - (i) Case study: Paris based charity
      - (f) Professional service providers
    - (2) Flags
      - (a) How the client behaves
        - (i) Willingness to waive discrepancies
        - (ii) Unusual confidentiality required
        - (iii) Evasive answers
        - (iv) Inconsistent information

                    (v) Excessive, aggressive, or pressured contact
- (b) Who the client is
    - (i) Military involvement
    - (ii) Small and medium sized enterprises
- (c) Who else is involved
    - (i) Front/shell companies
    - (ii) Links to 3rd party organizations
    - (iii) Located in a high-risk jurisdiction
    - (iv) Related or belong to the same group of
    - (v) Instructions/payment from unknown parties

ii) Transaction Patterns
- (1) Money
    - (a) Analyze financial information
        - (i) Consistent with normal business activity
        - (ii) Complex or unusual
        - (iii) Economic sense
        - (iv) Value of goods reported verses fair market value
        - (v) Method of payment
            1. Flags
                a. Negotiable instruments
                b. Unusual activity in domestic accounts
                c. Foreigners opening multiple U.S. bank accounts
        - (vi) Origin
- (2) Documents
    - (a) Flags
        - (i) Modify or replace trade and shipping documents
        - (ii) Missing or fraudulent documents
        - (iii) Re-submission rejected documents
        - (iv) Missing or sequential container numbers
        - (v) Invoice with miscellaneous charges
        - (vi) Future dated bills of lading
        - (vii) Inconsistencies between documents
        - (viii) Unnecessarily complex transactions
- (3) Shipping
    - (a) Compare domestic and foreign import/export data
    - (b) References
        - (i) FIU Annual Report of Common Typologies
        - (ii) Eurostat and US Trade Transparency Units
    - (c) Flags
        - (i) Goods shipped through high-risk jurisdictions
        - (ii) Transshipment of goods through one or more jurisdiction
        - (iii) Shipment size that does not match scale of regular business activities

iii) Goods
- (1) Flags
    - (a) Import/export restricted items
        - (i) Case study: Canadian drug dealers
    - (b) Virtual currencies (ex. Bitcoins)
    - (c) Repeated sale of the same high-value goods (Carousel/VAT fraud)

iv) Services
- (1) Trade finance
    - (a) Issuing and confirming letters of credit
        - (i) Flags
            1. False price, quantity, or quality of goods
            2. Does not match usual business activity

(b) Import/Export loans
    (i) Flags
        1. Unusual number of intermediaries or changes in party names
        2. Quantity of goods does not match the containers size
        3. Size of shipment does not match the scale of regular business activities
(2) Foreign correspondent banking
(3) Foreign exchange
    (a) Flags
        (i) Movement of goods across countries without foreign exchange as payment
        (ii) Receiving remittances in multiple accounts
        (iii) Payments made from multiple accounts for trade transactions of the same business
(4) Wire transfers
    (a) Flags
        (i) International payments into bank accounts or through correspondent accounts
        (ii) Ordering party does not live in the country where the wire originated
        (iii) Sudden start and equally sudden stop in payments
        (iv) Foreign-based buyers receiving payments from locations outside the areas of their customer base
(5) Electronic banking
    (a) Flags
        (i) Funds transfers to or from a financial secrecy haven or to or from a high-risk geographic
        (ii) Payments or receipts with no link to contracts, goods, or services
        (iii) Funds sent or received from the same person, to or from different accounts
b) Challenges:
    i) Complex nature of trade
    ii) Limited and scattered data, in an unstructured format
    iii) Multiple financial institution roles

3) Integrate TBML controls with existing AML/CTF program
a) KYC Profile and TBML
    i) Trade control- specific customer due diligence
        (1) Collect customer information related to trade-based activities
        (2) Regularly update
        (3) Get more information when inconsistencies are identified
        (4) Performed on all parties to the transaction
b) Roles and responsibilities
    i) General
        (1) Establish policies and procedures based on a written risk assessment
        (2) Appoint a compliance officer
        (3) Train appropriate staff
        (4) Conduct an independent TBML audit
        (5) Monitor for suspicious transactions and red flags
        (6) File SARs as appropriate
    ii) 1st Line of defense - Front office staff
        (1) Know clients normal trade activity
    iii) 2nd Line of defense - Compliance trade/finance unit
        (1) Review and analyze business plans and finance requests to determine legitimacy
    iv) 3rd Line of defense - Internal audit
        (1) Review effectiveness of anti-TBML controls