



Following the money



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“Follow the money!” Everyone’s talking about it, especially in relation to corruption, fraud and organised crime.

What does “following money” actually mean in this context? How do we do it in practice? And what are some of the wider possibilities?

Tracking down high-level criminals and their networks

“Follow the money” is a snappy way to say: investigate financial transactions and use them to extract information or evidence about a crime, suspect or criminal network.

In the case of acquisitive crimes, including serious organised crime and corruption, there are sizeable assets at stake and the perpetrators are ultimately connected and motivated by money. This offers investigators

an opportunity to trace the illicit financial flows back to and between the high-level criminals and their networks.

This is essential if we want to arrest and prosecute the masterminds behind organised crime and corruption – not just the low-level actors caught red-handed – and to break down their networks.

Financial transactions reveal links between criminals and their networks or family members. The investigator can use this information to broaden the investigation or obtain evidence for use in court. A few bank statements have the power to lay bare connections and conspiracies, especially in bribery and corruption cases.

And it's not just about banks: think of utility bills, store loyalty cards, receipts and insurance documents for a start.

Seizing and confiscating criminal assets

Following the money also leads investigators to criminals' assets, which might be money in a bank account or Bitcoin wallet, a house, a car, or another fund or item of value. The assets might be held by another person on behalf of the main criminal.

Tracing a suspect's financial transactions reveals how the illicit proceeds of their crime were laundered and spent and where the resulting assets now lie. The information could be used to obtain evidence for a civil recovery case aimed at getting those assets back. This can often be done even when a criminal conviction is not possible.

Following the money isn't just about money

Thorough investigators don't stop at the obvious sources of financial transactions such as bank accounts and credit card accounts.

Sometimes it's about following physical clues. The suspect has a satellite dish or an internet supply: how is she paying for her satellite TV subscription? Most of these companies do not accept cash payments. A court order can be obtained to request the answer from the satellite provider and this may reveal new possibilities to investigate the suspect's finances.

Gaps in transactions are also a red flag. Why does a suspect's credit card suddenly show a three-month gap? Was he using cash to make his routine purchases, and if so where did that come from?

Opportunities and challenges

One benefit of using financial transactions to investigate crimes and trace criminal assets is that the evidence is hard to destroy. Bank accounts, Bitcoin transactions and other financial records can be accessed years

after a crime has taken place and allow investigators to do their work long after the physical evidence has gone. They are also records produced in the course of business and are likely to be accepted as evidence by a court.

On the other hand, thorough financial investigations take time and money, so investigators face the risk that the assets will dissipate before they have enough evidence to request their seizure. This is even more likely to happen in grand corruption cases, as funds are moved through offshore companies whose main purpose might be to distance and obscure the details of the beneficial owner of the company.

Money laundering investigations take even longer when they require international cooperation – which in the case of grand corruption and serious organised crime, they almost always do. Gaining information from abroad takes some serious persistence and paperwork for some of the reasons described in this quick guide to international cooperation.

That is one reason the global money laundering watchdog, the Financial Action Task Force (FATF), now focuses on the effectiveness of countries' tools for cooperation on requests relating to money laundering, not just their existence. Some countries score zero for effectiveness. Many others score poorly, causing them to plummet down the Basel AML Index ranking of money laundering risks.

The international aspect presents an opportunity, however. Money trails, or illicit financial flows, criss-cross the world, which means they can be followed from either end. If a criminal in Country A stashes money in Country B, the authorities in both countries – theoretically – have the possibility of uncovering enough financial information to bring him to justice and recover his assets.

Indeed, the activity that takes place in Country B after the money has arrived – such as buying property or forming a sham company with associated bank accounts to move the money around – might itself be a money-laundering offence in that country.

This happens a lot. That's why international guidelines recommend that countries that receive enquires from law enforcement bodies abroad related to money-laundering and corruption should independently consider launching their own domestic investigation.

Creative concepts around following money

Most uses of the phrase “follow the money” refer to the type of criminal and civil investigations described above. But looking at financial flows has much wider uses in the fight against crime.

Following money flows in real time, for example through automated or manual monitoring of live banking transactions for specific red flags, can help to detect crimes as they're happening. This might be invaluable in live

cases of wildlife trafficking, for example, so the relevant authorities can be alerted in time to seize the suspect goods when they arrive at their destination.

Data on financial flows can also support the work of intelligence and social network analysts in mapping how criminal networks are formed and operate.

Finally, there's another buzzword to think about: how big data on financial transactions can help us to understand money laundering trends at a higher level and shape policy accordingly. But that's a whole other story.

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