

# **GOLD JEWELLERY TRADE**

## **MONEY LAUNDERING**

### **TYOLOGY**



Prepared by: Financial Intelligence Unit (FIU)  
Guyana

Date: July 2015

## **TYPOLOGY: Money Laundering – Gold Jewellery Trade**

Subject owns and operates a small technology & trading business in Guyana as well as a registered company in a major North American country. A number of financial institutions in Guyana became suspicious of the unusually high level of financial transactions and activities between the local and foreign offices of the Subject: activities that the Subject who is the beneficial owner of the business was not able to justify. Consequently, a number of financial institutions terminated their business relationships with the Subject and filed STRs. As a result of the STRs that were filed, additional information on the Subject's business activities was reviewed by the relevant authorities.

The Subject's business activities appeared to be typical of the practice of benefitting from the proceeds of cross border trading in precious metals in a non- traditional manner.

In this instance, approximately US\$20M in foreign exchange transactions occurred during an 18 months period. These transactions were traced to a scheme used by the Subject, whereby couriers pretended to transport precious metals in small volumes while declaring these as scrapped or broken jewellery. This method of cross-border transportation of scrapped or broken jewellery is usually used to avoid scrutiny by the relevant officials and the payment of the relevant taxes and duties. In some instances, purpose made high value jewellery were subsequently documented and exported as broken and scrapped jewellery.

Financial analysis and investigation of the unusual transactions by the Subject eventually connected a number of other individuals purportedly with similar 'modus operandi'.

The initial funding or working capital for these transactions were not traceable to any licensed or traditional source.

Similarities identified in financial transactions are:-

- Significant incoming transfers from businesses registered in North America benefitting the same group of persons and/or businesses.
- Money transfers from overseas processed to accounts at different local financial institutions.
- Subject's overseas registered company made transfers to several local individuals.
- Subject's source of funds declarations which usually state "proceeds from precious metal trading" cannot be validated.
- Financing for operations (local purchases) are not traceable at local financial institutions.
- Working capital financed by cash.

Matter is being investigated by the relevant law enforcement authorities.

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