



**LAUNDERING THE PROCEEDS OF ILLICIT TRAFFICKING IN
NARCOTIC DRUGS AND PSYCHOTROPIC SUBSTANCES
(ESAAMLG REGION)**

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ESAAMLG TYPOLOGIES WORKING GROUP

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LIST OF ABBREVIATIONS

AML- Anti- Money Laundering

CDD – Customer Due Diligence

CFT – Combating the Financing of Terrorism

CPI- Corruption Perception Index

DNFPBs- Designated Non-Financial Businesses and Professions

DT – Drug Trafficking

FATF – Financial Action Task Force

FIU- Financial intelligence Unit

LEAs – Law Enforcement Agencies

MLA- Mutual Legal Assistance

ML – Money Laundering

ESAAMLG - Eastern and Southern Africa Anti- Money Laundering Group; Botswana, Kenya, Lesotho,

Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa,

Swaziland, Uganda, Union of Comoros, Tanzania, Zambia, Zimbabwe

UN – United Nations

UNODC – United Nations Office on Drugs and Crime

EAPCCO – Eastern Africa Police Chiefs Cooperation Organization

SARPCO – Southern Africa Regional Police Chiefs Cooperation Organization

The report – the Typology report

The region – ESAAMLG member countries

EXECUTIVE SUMMARY

DT remains one of the largest sources of illicit funds worldwide. It has predominant high value. Drugs are frequently used exported and imported across the region from many parts of the world. The magnitude and extent of drug abuse has been a global cause for concern for a long time. Countries in the ESAAMLG region have all taken critical steps to tackle the problem but to date such efforts have delivered limited success.

The UNODC 2010 World Drug Report estimates that the profits derived from illegal narcotics trade amount to US\$600 billion annually and that up to US\$1.5 trillion in drug money is laundered through seemingly legitimate enterprises associated with this trade. This amount exceeds the combined GDP of most ESAAMLG member countries.

This typologies exercise was undertaken in order to better understand the vulnerabilities of ML arising from DT in the region. The project team analyzed the legal instruments / mechanisms put in place to fight ML and DT in ESAAMLG member countries. A review of the relevant literature and case studies also revealed the techniques, methods, mechanisms and instruments used to launder the illicit proceeds of DT.

This report identified that legislation on AML in most ESAAMLG countries are recent and that most FIUs are not yet operational. Whilst most of the countries have enacted appropriate legislation to deal with ML and DT, there is lack of coordination among all

the relevant LEAs and their FIUs. Lack of expertise in conducting AML investigation is another critical limitation, as a result, most of the investigations focus on the predicate offences ignoring the financial aspects of the proceeds of the crime which would reveal the ML trends and typologies. Consequently very few effective DT AML investigations are carried out and fewer cases are prosecuted.

One of the key findings from the case studies obtained and analyzed was that drug traffickers usually launder their proceeds through purchase of real estate, luxury vehicles, front companies, insurance industry and through collusion with bank employees to facilitate both local transactions and international wire transfers to off shore jurisdictions. The study further revealed that no single member of the region has experienced all the above trends however some ML trends are more prominent in some of the member states compared to others.

It is further evident that the illicit drug cultivation, processing and use are on the increase in the region. Further, other hard drugs (cocaine and heroin) are now increasingly being consumed within the region as opposed to the region being used as a transit point. Therefore, this has increased ML in the region. It is therefore recommended that the region develop systems and the necessary frameworks to collect and maintain comprehensive crime statistics which will assist in determining the impact of the measures taken, feed into policy formulation and anti-crime strategies.

It is important to note that the project team encountered difficulties receiving substantive results of comprehensive trends pertaining to the ESAAMLG region as most of the countries' responses had insufficient information especially in terms of case studies and statistical data.

A. INTRODUCTION

1. DT is one of the most prevalent criminal activities globally and generates more profits than any other form of trafficking (human and endangered species). Cannabis sativa is grown locally across the region and the trafficking is from the rural to urban areas as opposed to heroin and cocaine which originate from Asia and Latin America and have to be transported to Europe where the demand is at an all time high. Estimates generated by specialist organizations indicate that the drugs trade is greater in value than most other criminal activities.
2. Mutual evaluation reports of ESAAMLG member countries have also identified DT as one of the most prevalent crime that is investigated in the ESAAMLG region.
3. It is difficult to accurately state the extent of the drug problem due to the clandestine nature of the trade and the willing participation of the parties involved. Some analysts suggest that the drug seizures represent less than 10% of the drug trade.
4. According to UNODC 2009 World Drug Report, the street value for Cocaine differs according to demand. In Kenya it's valued at US\$31.3per gram, in South Africa it is valued at US\$35.4per gram, and in Brazil it is valued at US\$12per gram while in USA it is valued at US\$120per gram. On the other hand, Heroin is estimated to be valued at US\$110 per 1gram. The report has further indicated that, Cocaine worth US\$85 billion, Heroin worth US\$ 68 billion and Marijuana worth US\$ 141.80 billion had been smuggled globally.
5. The UNODC 2010 World Drug Report estimates that the profits derived from illicit narcotics amount to \$ 600 billion annually and that up to \$ 1.5 trillion dollars in drug money is laundered through seemingly legitimate enterprises.

This amount is far more than the combined GDP of most ESAAMLG members; Botswana- \$ 5,965 million Union of Comoros- \$ 526; Kenya- \$; 759 million; Lesotho- \$ 851 Million; Malawi- \$ 326 million; Mauritius- \$ 6,724 million; Mozambique- \$428; Namibia- 4,267; Seychelles- \$ 8688; South Africa- \$ 5786; Kingdom of Swaziland- \$ 2,533; Tanzania- \$ 509; Uganda- \$ 481; Zambia- \$985; Zimbabwe- \$ 274;¹

6. In a paper presented at the 4th Meeting of the Task Force of Senior Officials of ESAAMLG in the Kingdom of Swaziland in August 2002, DT was identified to be related to ML virtually everywhere in the region. According to the paper, the cash nature of retail business in many countries facilitates the laundering of funds from drug trafficking and other related predicate offences. It also identified investment in motor vehicles and the use of bank accounts of family members or third parties by drug merchants as a means of laundering illicit funds.
7. There is anecdotal information that drug lords within some ESAAMLG member countries are able to manipulate the law enforcement and judicial systems to perpetrate their DT and related criminal activities with impunity. There are also cases of government officials willingly protecting drug lords.
8. Drug traffickers need to disguise the proceeds from illicit DT by way of laundering the proceeds using increasing complex and sophisticated methods. Thus, ML has become a global menace threatening the stability of various countries where criminal organizations operate with impunity threatening the financial integrity and rule of law.
9. Countries within the region have realized the negative effect of drugs and the need for international cooperation in the fight against DT. This is demonstrated by the membership of all the ESAAMLG member countries in either EAPCCO (Kenya, Tanzania, Uganda) or SARPCCO (Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia,

¹ Figures obtained from World Bank website and are in million US Dollars.

and Zimbabwe) which are committed to the fight against transnational crimes and in particular DT and ML.

B. AIMS AND OBJECTIVES

18 ESAAMLG Council of Ministers approved this study on the vulnerabilities of ML related to DT so as to:-

- Identify the techniques and methods used to launder the proceeds from illicit trafficking of narcotic drugs and psychotropic substances.
- Examine drug related ML schemes in the ESAAMLG region looking at the source (countries of origin) countries and destination (countries of consumption) including transit countries.
- Examine the capacity of law enforcement to further investigate the proceeds of DT.
- Examine whether the region is implementing best practices in the efforts to combat ML related to DT.
- Examine the weaknesses in AML/CFT regimes within the region and make recommendations.

19. The outcome of this project is expected to contribute to the overall initiatives of ESAAMLG in addressing problems of DT and ML in the region and also provide member States with the required information which will help in policy and decision making.

C. SCOPE AND METHODOLOGY

a) Scope

20. This study covers fourteen ESAAMLG² member countries namely Botswana, Kingdom of Lesotho, Kenya, Malawi, Mauritius, Mozambique, Namibia,

² Union of Comoros was an observer at the inception of the study and became a member in September, 2010

Seychelles, South Africa, Kingdom of Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

21. This report presents an overview of challenges presented to the surveyed countries by ML related to DT which is a common problem in the ESAAMLG region. It examined commitments emanating from international and regional instruments (Table 3) for combating ML and DT in respect of legislation, investigation, prosecution, confiscation and asset forfeiture and international cooperation. The study has also examined role of financial institutions in combating ML related to DT in the ESAAMLG member countries.

b) Methodology

22. The study was carried out through five main different phases. The first phase was to identify and agree on the topic of the project and preparation of a project concept note. The second phase was to set up a core project team with a calendar of actions. The third phase was distribution of one set of the project questionnaire to all the ESAAMLG member countries electronically for data collection by experts in each country. The fourth phase was analysis of questionnaire responses and case studies by the core project team. Where case examples were not available anecdotal evidence/information and literature review has been used to illustrate findings in the report in relation to specific methods, schemes and trends related to laundering of criminal proceeds. In this phase, the core project team consulted the ESAAMLG Secretariat, the Typologies Working Group and the Plenary for guidance. The fifth phase was production of the project report, adoption and finally its publication.

D. VULNERABILITIES OF ESAAMLG REGION TO DT AND ML

23. The Trafficking of illegal narcotics has long been an issue of public concern in the ESAAMLG region, and is increasingly becoming a significant problem to all members. The relative peace and stability in the region along with the opening

up of international trade and regional cross-border activities, has led to the expansion and infiltration of the region by organized crime networks.

24. The socio-economic conditions prevailing in the region such as high levels of unemployment, poor educational standards, high rates of illiteracy, rural poverty, high income disparities, high rates of population growth and limited natural resources (such as water) combined with weak policing and judicial systems have ensured perfect conditions for the infiltration and expansion of organized crime networks.



Cocaine from an Angolan drug mule (swallow) coming from Pakistan en-route to Namibia Intercepted at Livingstone Airport (Zambia)

25. The region faces a number of problems relating to DT which include;
- The wide spread cultivation of cannabis.
 - Local consumption of cannabis especially in urban areas though some quantities are smuggled out of the region to Europe and North America.
 - The use of psychotropic substances which are inhaled by adults and minors alike.

- Lack of appropriate mechanisms and skilled human resources to control and prevent DT and the provision of counseling and treatment facilities remains inadequate.



A large greenhouse containing cannabis at a farm in Lusaka, Zambia

- The use of women in smuggling large quantities of cocaine sourced either directly from South America or transported via West Africa, using birth-canals. The cocaine is redistributed throughout the region, especially to countries with air-links with Western Europe and North America.
- Increase in sophistication in trafficking and new methods of disguising drugs.

- There is environmental damage related to illicit drugs in producing countries caused by clearing of forests, growing of crops as monocultures, processing of harvested plants into drugs and the use of environmentally dangerous chemicals without necessary precautions being taken.
- School children who use drugs often suffer from impairment and drop out of school.



Computer parts containing cocaine intercepted at Lusaka international Airport.

E. WHY ESAAMLG IS A TARGET

26. Drug traffickers from Latin America and West Africa target ESAAMLG member States for a number of reasons, these include:
- i) Long and porous borders;
 - ii) Unmanned borders;
 - iii) Weak border management at the designated border points;
 - iv) High levels of poverty and unemployment which provide a willing pool of couriers;

- v) Lack of skilled man-power and equipment to detect drugs at entry border points(air, land and sea);
 - vi) Ready market for some of the drugs;
 - vii) Lack of stringent laws to deter drug traffickers;
 - viii) Ineffective judicial and law enforcement institutions;
 - ix) Corruption and lack of integrity among some government officials;
 - x) Improved transport and communication network within the region with easy connections to the source and destination countries;
 - xi) Infiltration of the African culture by the western materialistic culture and allure for a 'high-life' especially among the youth and middle aged;
27. Drug traffickers are able to identify weaknesses in a country and exploit the same while changing their techniques to avoid detection by law enforcement authorities.

F. SOURCES AND MAIN DESTINATIONS OF DRUGS

28. Cannabis continues to be the drug most widely trafficked and abused. Cannabis herb is abused locally and/or smuggled within the region. Africa is one of the main sources of cannabis herb seized in Europe. In the ESAAMLG region, the Union of Comoros, Kenya, Malawi, Tanzania, Uganda, South Africa, Swaziland and Zambia are reported to be among the main producers³. Additionally the Kingdom of Lesotho is known as one of the countries producing high grade cannabis in the region.

³ International Narcotics Control Board Report, 2010 pg. 51-52

29. The trafficking of heroin and cocaine across the region is largely carried-out by the same networks which perpetrate entry of drugs into the region. In South Africa, more than 50,000 West African nationals are said to be facilitating the transportation and distribution of drugs from South Africa and other ESAAMLG countries. Angola, Namibia, Zambia and Zimbabwe have been used as stopover points by cocaine traffickers partly in an effort to alter trafficking routes and, thus escape detection.
30. In the case of heroin and mandrax from South Asia (notably Afghanistan, Pakistan and Thailand), Indian traffickers have utilized the large Indian diasporas to smuggle these drugs into and across the region. South Asian heroin smuggled to ESAAMLG region is mostly destined for further trans-shipment to European markets, except in the case of Mauritius where a strong market for heroin has developed. Cocaine is imported from South America (notably Colombia, Brazil, Peru, and Bolivia) and psychotropic substances are imported from Europe and Asia (Western Europe, China, India and Pakistan).
31. Angola, Kenya and Tanzania have also been targeted as transit points. In Kenya, apart from harvesting small plots of marijuana, it is used as a transit country for the South Asian heroin destined for Europe and North America. Indian Methaqualone also transported en route to South Africa through these countries. Tanzania has been targeted by traffickers moving hashish, heroin from Afghanistan and cocaine from South America which is transported down the East African coastline, through Airports, or overland via Central Africa. Traffickers in the past have recruited Tanzanian couriers to move drugs through Iran into East Africa.

G. AML AND DRUG CONTROL MEASURES

i) Estimated Value of Drug Seizures

32. While the main drugs produced in Africa are cannabis and khat, narcotic drugs, specifically heroin and cocaine, are penetrating sub-Saharan Africa, which serves principally as a transit route between Asian suppliers and Western consumers.
33. According to the responses obtained from ESAAMLG member countries, there were no specific quantities given of seizures or the values of different drugs by year or by the type of drug. Below are charts obtained from the UNODC DRUG REPORT for 2009 in which various quantities were provided by countries:-

Table 1; Seizures, 2002 – 2007

East and Southern Africa (Heroin)						
	2002	2003	2004	2005	2006	2007
Kenya	41.272 kg	30.650 kg	40.637 kg	23.000 kg	No Report	13.483kg
Mauritius	6.973 kg	15.949 kg	10.170 kg	15.122 kg	8.054 kg	5.790 kg
Seychelles	No Report	No Report	No Report	6.000 kg	No Report	No Report
Tanzania	1.458 kg	4.071 kg	14.354 kg	9.936 kg	91.673 kg	No Report
Uganda	11.190 kg	No Report	6.500 kg	2.080 kg	18.940 kg	No Report
Malawi	No Report	No Report	No Report	12.035 kg	4.000 kg	2.600 kg
Mozambique	No Report	No Report	No Report	0.010 kg	No Report	No Report
Namibia	0.002 kg	No Report	0.204 kg	0.001 kg	No Report	No Report
South Africa	15.020 kg	33.953 kg	19.145 kg	37.398 kg	22.585 kg	28.20kg
Swaziland	0.004 kg	0.002 kg	0.479 kg	No Report	No Report	0.000kg

Zambia	0.360 kg	1.529 kg	0.024 kg	No Report	2.385 kg	3.86kg
Zimbabwe	0.077 kg	No Report	No Report	0.006 kg	0.590 kg	0.59kg

Table 2: Seizures 2002 - 2007

East and Southern Africa- Cocaine (base and salts)

	2002	2003	2004	2005	2006	2007
Kenya	18.584 kg	3.930 kg	1142.795 kg	10.476 kg	10.768 kg	No Report
Mauritius	No Report	No Report	No Report	No Report	2.149 kg	0.000 kg
Tanzania, U.R.	2.461 kg	1.727 kg	0.620 kg	0.362 kg	4.131 kg	No Report
Botswana	No Report	No Report	No Report	0.600 kg	0.157 kg	No Report
Lesotho	No Report	No Report	No Report	9.600 kg	No Report	No Report
Malawi	No Report	20.283 kg	2.394 kg N/ Report		No Report	No Report
Mozambique	No Report	15.000 kg	No Report	21.800 kg	2.020 kg	No Report
Namibia	0.189 kg	0.056 kg	15.493 kg	0.197 kg	0.908 kg	32.477 kg
South Africa	398.961 kg	776.726 kg	593.041 kg	309.561 kg	360.253 kg	545.398kg
Swaziland	1.058 kg	3.832 kg	No Report	No Report	No Report	0.656 kg
Zambia	17.300 kg	0.044 kg	0.006 kg	2.000 kg	No Report	No Report
Zimbabwe	No Report	No Report	0.006 kg	0.005 kg	0.002 kg	No Report

ii) Drug Trafficking related to Money Laundering Investigation

34. Most countries indicated having LEAs with the ability to investigate both ML and DT, only one country does not have laws criminalizing ML and DT.
35. All countries apart from Mauritius and Zambia indicated that they had not investigated the financial aspects associated with DT. About 50% of the countries are able to get restraining orders.

36. Obstacles in conducting financial investigations relating to DT cases among ESAAMLG member countries differ, but they include:-

- Lack of operational FIUs;
- Lack of skills and shortage of manpower;
- Lack of cooperation and coordination mechanisms among the different LEAs;
- The economies in the region are cash based which makes it difficult to obtain the financial trails; and
- Most countries have regulations which govern the financial sector but omitting the DNFBPs.

iii. ML Investigations

37. ML has been criminalized in 14 of the 15 ESAAMLG member countries surveyed as indicated in the table below:

Table 3 : Year AML stand alone legislation passed and year FIU established

COUNTRY	YEAR FIRST AML LAW ENACTED	YEAR FIU OPERATIONALIZED
Botswana	1990	Not yet established
Union of Comoros	2009	2010
Kenya	2010	Not yet established
Kingdom of Lesotho	2008	Not yet established
Malawi	2006	2007
Mauritius	2002	2003
Mozambique	2002	2010
Namibia	2007	2009
Uganda	-	Not yet established
Seychelles	2006	Not yet established
South Africa	1998	2003

Kingdom of Swaziland	2001	Not yet established
Tanzania	2006	2007
Zambia	2001	2003
Zimbabwe	1991	2004

38. From the responses given it is clear that there are various ML techniques that have been used including but not limited to externalization (wire transfers), shelf companies, tax evasion, smuggling, investments in real estate and other investments and use of third parties to hide the proceeds.
39. According to the responses, the key challenges for ML control include but are not limited to the following;
- **Effective criminalization of ML.** Most countries that have criminalized ML fall short of criminalizing it as per the international requirements, as set out by the FATF. As a result, gaps exist which can easily be exploited by drug traffickers to avoid legal consequences.
 - Most ESAAMLG member countries **lack viable enforcement systems to tackle ML cases.** It was noted that countries take a long time to operationalize the agencies that are required to deal with ML after the passage of AML legislation; this leads to existence of institutions on paper only.
 - Most countries have different units within the same agency investigating ML and DT separately. **Effectiveness is hampered by lack of appropriate coordination mechanisms between the units.** These results in investigation of predicate offences and exclude ML.

iv. Prosecution of proceeds as opposed to laundering

40. Some countries indicated that their legislation require the conviction of predicate offence before prosecuting for ML even though more than 50% of the respondents indicated that they do not.

41. Although literature review indicates successful prosecution of ML cases arising from proceeds of drugs, limited information was provided in the responses. Only two countries provided cases confirming the literature review.
49. From the analysis of the responses it is clear that most countries are yet to fully establish civil forfeiture units as the laws have recently been enacted. Civil forfeiture has recently been introduced in the region. Only South Africa, Namibia and Mauritius have civil forfeiture mechanisms.

v. International Cooperation

50. In the ESAAMLG region, arrangements for international law enforcement cooperation may be considered under domestic framework for international cooperation, regional framework and international framework. ESAAMLG member countries have ratified various international conventions relating to DT as indicated in the table below;

Table 4; indicating the ratification of UN Conventions related to DT

Countries	States Party to the 1961 U.N. Single Convention on Narcotic Drugs, as amended?	States Party to the 1971 U.N. Convention on Psychotropic Substances?	States Party to the 1988 U.N. Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances?	States Party to the 2000 U.N. Convention against Transnational Organized Crime?	States Party to the 2003 U.N. Convention against Corruption?
Comoros	Yes	Yes	Yes	Yes	No
Botswana	Yes	Yes	Yes	Yes	No
Kenya	Yes	Yes	Yes	Yes	Yes
Lesotho	Yes	Yes	Yes	Yes	Yes
Malawi	Yes	Yes	Yes	Yes	Yes

Mauritius	Yes	Yes	Yes	Yes	Yes
Mozambique	Yes	Yes	Yes	Yes	Yes
Namibia	Yes	Yes	Yes	Yes	Yes
Seychelles	Yes	Yes	Yes	Yes	Yes
South Africa	Yes	Yes	Yes	Yes	Yes
Swaziland	Yes	Yes	Yes	Yes	Yes
Tanzania	Yes	Yes	Yes	Yes	Yes
Uganda	Yes	Yes	Yes	Yes	Yes
Zambia	Yes	Yes	Yes	Yes	Yes
Zimbabwe	Yes	Yes	Yes	Yes	Yes

51. This study has clearly shown that in the ESAAMLG region there are both legal and administrative structures/arrangements in place which provide and enhance international cooperation and assistance in criminal matters. All ESAAMLG member countries are part of INTERPOL and belong to either EAPCCO or SAPCCO. In addition, regional economic groupings such as SADC and EAC provide mechanisms for international cooperation in law enforcement among other issues.
52. Countries indicated that there have been cases of cooperation in DT investigations though some countries indicated that lack of comprehensive legislation on mutual legal assistance sometimes hampers cooperation. The study would not conclusively document the successes and challenges due to lack of data from the countries.

CASE STUDIES

53. This section brings out the ML typologies in the DT case studies. It explores the different avenues that drug dealers use to launder their money after the initial illegal activity.

Case 1. Laundering of drug proceeds through real estate, high value assets and co-mingling.

Offence	Drug trafficking Cultivation of banned substance Money Laundering
Customer	Individual
Industry	Horticulture
Mode of payment	Cash, electronic and third party
Jurisdiction	Domestic Europe
Criminal Activity	Cannabis cultivation Cannabis processing Cannabis trafficking
Instrument	Business account Off-shore accounts Real estate Motors vehicles Investment properties

Red flags	<p>Frequent large cash deposits into Company accounts not commensurate to the type of business, Purchase of real estate registered in third party names. Assets value not usual for business sector Lack of due diligence on business accounts</p>
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An investigation in this matter commenced after receiving an intelligence report on a prominent director of a company dealing in horticultural products of involving himself in cultivating marijuana (cannabis) plants in his green houses at his farm in one of the renowned farm areas of one of the ESAAMLG member states.

The director had three green houses. The search at this particular farm by the investigators revealed green plants of marijuana being cultivated. Small green plants of marijuana seedlings were also found planted in small black plastics which had soil and peat moss in them.

The search was extended to the director’s office and within the office block, there were two cold rooms. In one cold room, green plants of marijuana were also found. Further searches in the tool shed were done and a packaging machine which was used as a compressing machine for the marijuana was found.

The investigation revealed that the suspect had been in this business for years pretending to be dealing in agricultural products when in actual fact he was cultivating and selling marijuana. The company was a front. The director’s bank accounts were very active. He made a number of offshore transactions and invested in real estate and luxury cars. He further purchased a number of properties and put them in his families and worker’s names, which were in turn rented out and the rentals deposited in the company account. The suspect was convicted for DT and ML. The properties involved were forfeited to the state.

Case 2 - Laundering the proceeds through cash smuggling and co-mingling illicit proceeds via investment in legitimate business.

Offence	<p>Drug Trafficking Corruption</p>
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	Money Laundering Theft Fraud
Customer	Individual Company
Industry	Health Sector
Mode of payment	Electronic wire transfers Cash couriers
Jurisdiction	Domestic
Criminal activity	Trafficking in mandrax Smuggling of motor vehicles Co-mingling
Instrument	couriers Motor vehicles Business accounts Front company
Red flags	No bank accounts Multiple funds transfers through Western Union Investment in genuine business without any verifiable source of income False identification papers

The case involves an Indian national, residing in one of the ESAAMLG countries. The suspect is a director in a company dealing in health equipment. This company won a tender to supply the circumcision devices for use in HIV/Aids prevention campaign.

Investigations revealed that the suspect had previously been detained in connection with a high level mandrax smuggling network.

The investigation further revealed that the suspect was illegally importing motor vehicles and trafficking in mandrax and in some instances smuggling the drugs in the imported vehicles.

He then used couriers to smuggle the proceeds back to his country of residence which is believed to have been subsequently invested in this circumcision equipment business. The couriers, when caught and questioned had false identification papers.

The suspect is also facing charges of fraud and theft and has since fled the country to evade arrest. The Authorities have used Interpol to try and trace the suspect to no avail and the suspect cannot be tried in absentia under that country's law and therefore the charges against him still pending.

Case 3 - Laundering drug trafficking proceeds through a financial institution, fake invoices, identity theft, collusion and complex cash transactions.

Offence	Drug Trafficking Identity Theft Money Laundering Tax Evasion
Customer	Individuals Co-operation (business entity)
Industry	Banking Transport Business
Mode of payment	Electronic wire transfers Cash
Jurisdiction	Domestic India
Criminal activity	Drug trafficking Fraud Tax evasion

	Forgery False invoicing (Trade-based money laundering)
Instrument	Bank ownership Fictitious accounts Forged international electronic transfer instructions Couriers Fake deposits
Red flags	Inadequate bank licensing / Director due diligence Multiple offshore fund transfers False invoices Senior bank officials conducting deposits / transfers on behalf of "customers" False customer identification – no due diligence Use of third party accounts Suspicious account opening documents

One mechanic/ truck driver from the region was arrested at an international airport within the region for trafficking in 135 pellets of cocaine weighing 1566g which was concealed through ingestion.

Further investigations revealed that he was a courier hired by a director of a local bank. It was further revealed that senior bank officials at this bank used the local print media to advertise for various positions in the bank.

A number of application forms with the attached relevant documents, such as copy of National registration card were received by the bank. Upon receipt of the application forms, no single applicant was called for interviews but instead, the bank officials with a view to launder illicit funds used the attached national registration cards and passport size photos of the applicants to fraudulently open bank accounts in the applicant's names without their knowledge.

Large cash deposits were made using fraudulent names on deposit slips into the false name accounts. Fake letters authorizing telegraphic transfer would be generated by the said senior managers of Asian origin to facilitate movement of illicit funds using fake invoices.

The Bank was ordered to cease operations and closed, unfortunately a lot of its customers lost their savings and legitimate deposits, additionally less corporate tax was paid to the Revenue Authority.

The four senior bank officials were arrested and charged. Two of the senior officials were convicted and their appeals were dismissed by the Supreme Court. The bank has since collapsed.

Case 4 - Laundering proceeds of counterfeiting through the banking system, real estate, luxury vehicles and layering of transactions

Offence	Drug trafficking Aiding & Abetting Fraud Money laundering Being in possession of counterfeit notes Counterfeiting
Customer	Individual Incorporated business entity
Industry	Mining supplies Real estate Public Transport
Mode of payment	Cheques Electronic wire transfers
Jurisdiction	Domestic
Criminal activity	Drug trafficking Dealing in counterfeit notes False pretences Theft Fraud (false invoices)
Instrument	Personal Bank account False invoices US currency

<p>-----</p> <p>Red flags</p>	<p>Company cheque deposited into personal account</p> <p>Multiple deposits within the same bank emanating from one common account</p> <p>Customers preferring particular bank officials to conduct business</p> <p>Transaction on supply company account not commensurate for business type</p> <p>Lack of customer and employee due diligence</p>
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This case concerns a business man and his accomplices arrested for being in possession of counterfeit US dollar notes worth US\$2,492,100, two hundred bundles of miraa/Khat weighing 91.6 kg and money laundering. The suspects were sentenced to 5 years imprisonment with hard labour.

The investigation revealed that the suspect was dealing in counterfeit notes and sale of miraa. It was further established that the money was used to incorporate a mining supply company. An analysis of the bank statements revealed that there were a lot of cash deposits as well as large transactions from the mines.

The proprietor of this supply company colluded with his accountant, an official at a city bank, and an accountant and registry clerk employed at a known local mine. The group connived to steal from the same mine. The supply company prepared a fake delivery note and invoice for the supply of Werner pump spares. The false documents were taken to the collaborating registry clerk at the mine who receipted the goods as having been received by the stores section at the mine. The registry clerk, who entered the fake receipt of the spares, in terms of his duties was not suppose to do so but the stores clerk.

To facilitate payment, the invoice was approved in the system by the accountant at the mine. A cheque payment of US\$ 109,224.36 was made in the name of the supply company. The cheque was collected by the supply company's accountant who then took it to his bank, gave it to the senior banker and deposited this instrument (payable to a company account) into his personal bank account which at the time of the deposit, had a negative balance. Further analysis showed that the opening deposit was of US dollars, which was later suspected to have been counterfeit. It was further established

that this was the capital used to incorporate the supply company which started facilitating the fake transactions with the mines.

Several cheque withdrawals from the personal bank account were noted in the names of the colluding third party beneficiaries which were subsequently re-deposited back into the same bank. The group immediately invested in public transport vehicles and real estate. The accused have since been convicted and a number of real estate properties and motor vehicles forfeited to the state.

Case 5 – Selling of illegal pseudo-ephedrine and laundering proceeds through the Banking and Casino systems.

Offence	Fraud Money Laundering Drug Trafficking
Customer	Business entity
Industry	Casinos Banking (Information Technology section) Pharmaceutical trade
Mode of payment	Cheque Cash
Jurisdiction	Domestic
Criminal activity	IT Fraud Theft Drug importation and trafficking Co-mingling of proceeds via gambling sector
Instrument	Cheque Cash Casino chips
Red flags	Large cash withdrawals not commensurate with business Cash withdrawals immediately after depositing

<p>Lack of employee due diligence (EDD) Unusual account activity monitoring Frequent deposit of casino winning cheques</p>
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An IT specialist working for an International bank based in the region was a director and shareholder in a local pharmaceutical company with a friend, who was also operating the pharmacy. The pharmaceutical company had two accounts, one was held at the same international bank where the IT specialist worked and his friend was the sole signatory to the account, the other account was domiciled at a local bank where the IT specialist was a co-signatory with his friend.

The two suspects were involved in the illegal sale of pseudo-ephedrine, sold over the counter in their pharmacy. The deposits from the sale of the illegal drugs were usually made into their business account at the international bank.

The IT specialist due to his role within the bank was able to manipulate the deposit amounts to reflect a significantly larger deposit than was in reality made. The newly manipulated deposit amounts were then withdrawn and re-deposited in the local bank and noted as legitimate takings for the business.

A scrutiny of the Database that stores the actual deposit information was analyzed. Usually information (figures) on the main database and the deposit data base is supposed totally, but in this case, the two systems showed some discrepancies in terms of the figures deposited and same on the figures withdrawn. The deposit slips could not be found and efforts to trace them proved fruitless.

When interviewed, the accused confessed having used some of the proceeds from the sale of the drugs at a casino and made extra money which in turn he deposited in the international bank's company account which in turn his IT counterpart within the bank manipulated to increase the amount from the original deposit to a higher figure.

The IT specialist and his friend were jointly charged, found guilty and imprisoned for 2 years with hard labour for illegal importation, trafficking in pseudo-ephedrine and ML. No properties could be traced.

Case 6 - Laundering proceeds by evading tax and structuring

Offence	Drug Trafficking
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	Tax evasion Money Laundering
Customer	Individual Company
Industry	Agriculture Real estate Public Transport
Mode of payment	Cash Cheque Electronic transfers
Jurisdiction	Domestic International
Criminal activity	Importation and sale of illegal drugs Co-mingling of illegal proceeds via legitimate businesses Tax evasion
Instruments	Cash Cheque International electronic transfers
Red Flags	Registered business with no tax declaration Frequent cash deposits with no visible explanation Multiple cheque deposits from another financial institution, Large unsubstantiated cash deposits Lack of customer due diligence

Suspect registered a corporation through which all the income earned from DT in cocaine, mandrax and cannabis was deposited.

The investigation revealed that there were regular cash deposits into a savings account at the post office. Thereafter he could make cheque withdrawals which he would in turn deposit into his business account at a local commercial bank and subsequently

made electronic transfers to purchase real estate properties, public transport business and agriculture businesses.

Proceeds from these businesses would be re-deposited into the company account as legitimate funds. He further made telegraphic transfers to another country for the supply of illegal drugs. It was further discovered that despite the company being registered with the revenue authority, the suspect had never made a tax declaration.

The suspect was eventually arrested, charged and convicted for dealing in drugs. There is currently an application to have his properties forfeited.

Case 7 – Drugs proceeds laundered through real estate and high value assets.

Offence:	Drug Trafficking Money Laundering
Customer :	Individual
Industry:	Real Estate Entertainment / Club
Mode of payment :	Cash
Jurisdiction:	Domestic West Africa
Criminal activity	Courier recruitment Smuggling narcotics
Instrument	Couriers Legitimate companies Visas

Red flags :	No initial source of income
	Purchasing land with large amounts of cash
	Purchase of high value assets
	No due diligence on company ownership by foreign Nationals

The suspect, a West African national applied for a visitor's visa to a country in the region. A visitor's visa was granted for 6 months and later renewed for a further 6 months. Meanwhile, the suspect married a local lady and applied to change his visa status due to the marriage.

The suspect who did not have any known source of income bought land where he constructed houses which were later sold, and in addition bought an entertainment club and several high value motor vehicles. An investigation following several arrests of young girls smuggling drugs from West Africa linked the girls to the West African national. The West African national was recruiting them through his entertainment club.

It emerged that the suspect was a drug dealer responsible for the recruitment of the couriers. However, the drug laws of the country of the suspect's residence did not have provisions for an investigation through "controlled deliveries", aided with the lack of surveillance, eventually the connection of the suspect to the girls and the drug trafficking could not be proved.

Attempts to deport the suspect failed as he claimed his constitutional right to property would be violated if he were to leave his new country of residence. At the time of the investigation, the country did not have operational AML laws.

Case 8 - Laundering of drug trafficking proceeds through purchase of high value assets

Offence	Drug trafficking Importation of ephedrine Money Laundering
Customer	Individual
Industry Mode of payment	Body building Cash Electronic
Jurisdiction	Domestic
Criminal Activity	importation of ephedrine Production of illegal and dangerous substances Sale of illegal drugs
Instrument	Business account Cash Third parties
Red flags	Frequent large cash deposits without traceable source of income Purchase high value assets Use of third parties

The accused in this case was a methamphetamine user. He unlawfully, through a chemical process produced and manufactured fat burners which he sold to body builders and people who wanted to lose weight. The basic and most important

substance in the production of fat burners is ephedrine.

The accused unlawfully imported ephedrine and used it to unlawfully manufacture fat burners. Because of the international ban on the sale of ephedrine the accused with time found it impossible to obtain ephedrine. The accused then attempted to manufacture ephedrine. In the process however the accused contravened the section that prohibits the manufacture of banned and listed substances. Manufacturing is part of the extended definition of the term colloquially referred to as 'dealing' and therefore the actions of the accused were associated with the term 'dealing'.

The accused in the meantime more commercially, disposed of the methamphetamine and thereof, successfully sold fat burners to users. Although the accused was not charged with this offence, he unlawfully came in possession of cash through the selling of fat burners as well as the methamphetamine. The accused did not declare this income.

When the accused decided to buy his girlfriend a motor vehicle, which in this instance was a BMW 130 that has since been seized and restrained by the Asset Forfeiture Unit, he handed a friend of his the cash money. The accused informed the friend that the money was from a successful petrol deal. The friend, believing the accused then bought the BMW motor vehicle for the accused's girlfriend in his business's name. In so doing the accused hid the origin of the money from his friend and others, who had an interest therein, for example the Receiver of Revenue and ordinary law enforcement agencies.

Case 9: Laundering the drug proceeds through purchase of real estate in other jurisdictions and through the insurance industry.

Offence	possession of illegal drugs Money Laundering
Customer	Individual
Industry	General trading
Mode of payment	Cash, electronic wire transfers

Jurisdiction	Domestic United States
Criminal Activity	possession of illegal drugs
Instrument	Bank cash
Red flags	wire transfers to offshore jurisdictions Purchase of real estate in off shore jurisdictions Assets value not usual for business sector

The suspect was arrested at her house in Dar es Salaam and the police recovered 5kgs of cocaine worth Tshs. 225 million.

The suspect is a known businesswoman in Dar es Salaam dealing in general trading. She has expensive business networks locally and abroad. She was arrested in the company of five others, who also appeared in court.

An analysis of the suspect’s bank statements revealed that there were large cash deposits and frequent wire transfers to the United States. The suspect was named by the US government as one of the renowned drug traffickers and they had frozen her assets which included real estate and other high value properties.

Further investigation into her financial dealings revealed that she has a number of insurance policies with different insurance companies and that she has insured her properties at higher values and she redeems the sum assured as and when it is appropriate for her.

CASE 10 – Laundering proceeds of drug trafficking through the stock Market

Offence	Possession of illegal drug Money laundering
Customer	Individual
Industry	stock Market
Mode of payment	Cash
Jurisdiction	Domestic UK
Criminal activity	possession of illegal drugs Laundering of proceeds of crime
Instrument	cash Stocks
Red Flags	<ul style="list-style-type: none"> - Large and irregular cash deposits - Cash purchases of properties e.g. immovable properties, shares - Suspicious behavior - Lack of customer due diligence by stock market - Investment in stocks without traceable income

Two British citizens were arrested at one International Airport in the region for being in possession of 69 pallets of heroin weighing 1035 grams. Another one was carrying 610 grams of bhang which he intended to traffic from one country to another. The two were enroute to the UK.

Police suspected one of them and decided to inspect him. The police found that he had hidden 16 pallets inside his trousers' waistline while another 14 were found hidden inside the trouser legs hem. Further inspection revealed that other 39 pallets drugs were hidden inside two ebony wood carvings popularly known as makonde carvings. The accused was to travel using British Airways.

Investigation into the financial profile of the suspect revealed that the two had bought shares on the stock market and had deposited precious stones with Standard Bank. One had even opened a trust account for his children. Further investigations revealed that the suspects had no traceable source of income. It was further revealed that the one of the suspects had a previous conviction record.

The suspects were only charged with drug trafficking. They could not be charged with money laundering as there was no direct link from the current drug case to their assets even though they were suspected to be proceeds of previous drug dealing.

General Indicators and Red Flags:

54. Below are some of the red flags and indicators identified from the case studies;

- ✓ Unexplained large cash deposits
- ✓ Purchase of real estate properties using cash
- ✓ Wire transfer with false documentation accompanying the transaction
- ✓ Foreign visitors purchasing property without known sources of income
- ✓ Previously convicted individuals owning cash based business
- ✓ Purchase of insurance policies at a higher value than the actual property value
- ✓ No visible economic purpose in transactions
- ✓ Trust fund accounts which are not commensurate to the net worth of the person supporting that trust account
- ✓ Unusual deposit patterns from other financial institutions
- ✓ Cheques written to a company being deposited into a personal account
- ✓ Use of high value currency notes i.e. US\$100 bills
- ✓ Possession of counterfeit currency
- ✓ Possession of large amounts of currency from jurisdictions not related to the traveler
- ✓ Possession of multiple identities and travel documents in different names
- ✓ Use of fraudulent documents to facilitate business transactions

- ✓ Traveler in possession of multiple identities bearing the same face but with contradicting bio data
- ✓ A registered company continuously making nil tax returns
- ✓ Bank officials directly making deposits in third party accounts
- ✓ Clients who insist on dealing with the same bank official whenever they are transacting
- ✓ Frequent cheque deposits from a casino
- ✓ Unusual account activity monitoring by a bank employee
- ✓ Lack of customer/employee due diligence

H. KEY FINDINGS AND POLICY IMPLICATIONS

55. This typologies study conducted in the ESAAMLG region identified a number of vulnerabilities which have been classified into: a) Geographic and border security; b) Social and economic; c) Legal environment; d) Regulation and Enforcement; e) National and International coordination and cooperation; f) Judicial/justice system; and g) Integrity issues.

a) Geographic and border security

- i. The ESAAMLG countries have either long unmanned coast lines and/or extensive porous borders.
- ii. The drug smuggling networks utilize the unmanned and porous borders for their operations
- iii. Most of the border entry points lack effective controls to monitor travelers
- iv. The region's international airports have connections to Europe and are frequently used by drug couriers.

b) Social and economic

- i. The economies in the ESAAMLG region are predominantly cash-based which poses a challenge when trying to reconstruct financial transactions as there no records kept.
- ii. The high poverty and unemployment levels provide a willing pool of youths available for DT.
- iii. Minors are being increasingly targeted by drug traffickers as a potential market.
- iv. Legitimate businesses associated with criminal enterprises do not pay taxes depriving the government revenue authorities of necessary funds.

c) Legal environment

- i. All countries have ratified and signed the UN Vienna Convention though some countries are yet to fully implement the requirements as set out in the convention.
- ii. The penalties for DT in most of the countries are stringent, though one of the countries has a penalty of US\$500 which is not a sufficient deterrent, and would in most cases encourage criminals to commit DT offences under the comfort that they will just pay the insignificant fine
- iii. Most countries focus on the predicate crime of DT, ignoring the ML aspect of the crime.
- iv. The laws dealing with DT offences and other predicate offences are viewed as being independent of ML legislation.

d) Regulation and Enforcement

- i. FIUs have the sole responsibility of receiving, analyzing and disseminating financial intelligence related to DT. However, the process of setting up fully operational FIUs in most countries is still in the early stages. This creates a gap between the financial sector and law enforcement.
- ii. Most countries indicated that the LEAs responsible for DT detection lack the requisite capacity (skills and equipment).

- iii. Lack of equipment such as scanners and canines, significantly hamper the detection of drugs reducing the level of drug detection.
- iv. The lax or absence of currency declaration/disclosure measures and implementation within the region makes it easy for drug traffickers to use cash couriers to move their proceeds.
- v. Most of the countries' AML regimes commence in the financial sector, omitting the most AML vulnerable sector, which is that of the Designated Non-Financial Businesses and Professions (DNFBPs).
- vi. There is lack of comprehensive crime statistics which hampers effective analysis of crime leading to policies which are not consistent with the current trends of crime and are not supported by facts.

e) National and International coordination and cooperation

- i. All ESAAMLG countries have a National Task Force for AML/CFT as per the ESAAMLG MOU but the mandate of the respective task forces is not clearly defined, especially when it comes to coordination of operational issues at the national level.
- ii. In most ESAAMLG countries the units that deal with DT and ML investigations fall under the police force, however, there does not appear to be mechanisms to assist in coordinating the work between the DT and ML units.
- iii. All ESAAMLG countries belong to Interpol in addition to either EAPCCO or SARPCCO. These organizations have anti-drug trafficking and anti-money laundering obligations in their mandate. However, there were no successful cases on joint investigations reported by countries.

f) Judicial/justice system

- i. DT cases can take a long time to bring to finality which can cause frustration to the related LEAs awaiting finalization. The suspects are also often released on bail allowing them to re-offend.

- ii. The courts in most of the cases are yet to be sensitized on ML and DT leading to light sentencing and acquittal in some cases.
- iii. As a result of investigators and prosecutors focusing on the predicate offence (DT), the cases dealt with by the courts exclude the ML offence.

g) Integrity issues

- i. Corruption generally has been identified as one of the impediments to effective implementation of anti-drug and anti-ML measures. Drug traffickers have access to considerable resources which they are willing to use to compromise the judicial and law enforcement systems.
- ii. Corruption plays a role in facilitating both the movement of physical drugs and the drug traffickers. Corruption extends to fraudulent issuance of travel and other government documents.
- iii. Most institutions that deal with DT are poorly resourced and the officers are not well remunerated making them vulnerable to corruption.

I. RECOMMENDATIONS AND CONCLUSION

Recommendations

a) Geographic and border security

- i. Countries should explore means of patrolling their coast lines, unmanned borders and automate their border entry points. It may be beneficial to use bio-metric verification to be able to detect drug traffickers who normally use several travel documents.
- ii. Consideration should be given towards engaging the community in crime reporting especially when it comes to DT and ML.
- iii. ESAAMLG countries should consider sharing information on trends and patterns in DT and the list of known drug traffickers.

- iv. Countries should consider making use of x-ray scanners and canines to assist in the detection of drugs.

b) Social and economic

- i. There is a need to start initiatives to bring the non-banked into the banking sector (financial inclusion).
- ii. Countries should continuously explore ways of engaging with the unemployed youth and initiate educational programmes to discourage them from both taking drugs and working in the criminal networks.
- iii. Countries should enact stringent laws to ensure the protection of minors from drugs and commence rehabilitation programmes for those who have been affected.
- iv. Countries should review their internal measures to ensure compliance with tax obligations e.g. by issuing unique identifier numbers for commercial transaction.

c) Legal environment

- i. Countries should take immediate steps to fully implement the requirements of UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 (Vienna Convention).
- ii. All ESAAMLG member countries should enact appropriate legislation criminalizing DT and ML. This becomes more urgent with the relaxation of visa requirements across the region.
- iii. Countries should consider mandating ML charges along with the predicate offences so that the financial aspect is investigated. This is now being done in South Africa and countries may wish to apply this best practice with necessary modification.
- iv. Law enforcement officers investigating predicate offences should be required to also investigate ML offences in cases under investigation.
- v. The countries should enact effective proceeds of crime legislation, this would allow the respective countries to not only gain a significant income stream for their Government but also allow for additional funding of the FIUs and LEAs responsible for the detection and investigation of the cases.

d) Regulation and Enforcement

- i. ESAAMLG member countries should expedite the establishment of their FIUs to bridge the gap between the financial sector and the law enforcement. Countries may consider sharing experiences with established FIUs within the region.
- ii. ESAAMLG should consider sourcing and coordinating capacity building training for member countries.
- iii. Member countries should source funds to procure equipment that will assist in drug detection.
- iv. Countries should adopt measures that will assist in detection of cross-border currency smuggling while enforcing currency declaration/disclosures within the ESAAMLG region.
- v. All countries should consider extending their regulations covering the formal financial institutions to include the Designated Non-Financial Businesses and Professions (DNFBPs) as required by the FATF Recommendations.
- vi. Countries should come up with systems of keeping comprehensive crime statistics which will feed into policy formulation and anti-crime strategies.

e) National and International coordination and cooperation

- i. The ESAAMLG member countries' National Task Forces on AML/CFT and FIUs should go beyond their participation in ESAAMLG events and focus on the coordination of operational issues at the national level.
- ii. ESAAMLG countries should establish measures that provide for mechanisms to enable the coordination between disparate DT and ML investigation units to have synchronized investigations.
- iii. Countries should consider ways of maximizing their existing Interpol, EAPCCO or SAPCCO memberships to establish joint task forces to carry out cross-border investigations.

f) Judicial/justice system

- i. Consideration should be given to fast tracking DT cases.
- ii. The judiciary should be sensitized on DT and ML to enhance their understanding of the emerging trends and the negative effects of these offences.

g) Integrity issues

- i. It is argued at times that better pay is not the cure to corruption but reasonable remuneration of the judiciary, law enforcement officers, and prosecutors may help reduce corruption.
- ii. Effective application of anti-corruption legislation and successful prosecutions will combat the on-going negative effects of corruption
- iii. Special Codes of Conduct and on-going integrity testing frameworks will go a long way to the weeding out of corrupt officers.
- iv. DNFBPs and commercial entities should be required to put in-place anti-corruption frameworks.

CONCLUSION

56. ESAAMLG member countries continue to face the problem of ML related to DT due to the reasons outlined above. It is important to note the problem of DT and ML has the potential of negating the gains made by countries endeavoring to improve the quality of life for their citizens and achieving the Millennium Development Goals (MDGs). It is clear that Countries need to implement measures that will be effective in eradicating the negative social and financial effects of DT.

57. It is also clear from the report that drug traffickers always seek to launder their proceeds by utilizing the vulnerabilities of emerging payment technologies, and the consequences for developing economies is self evident. The fact that DT is a trans-national crime can only be fully addressed on an international level. Criminals operating without regard to national boundaries will always try to exploit the weaker links in AML regimes such as the ease and lax regulation requiring incorporation of front companies, one of the main vehicles used to launder drug money.
58. Countries need to adequately criminalize DT and ML and provide effective AML frameworks. The judiciary and the law enforcement sector should be sensitized on their roles, if successful prosecutions are to be achieved and to provide evidence of AML implementation. Further, mechanisms should be put in place to ensure that there is strong coordination among all the relevant stakeholders in AML. It would also be beneficial for all countries to harmonize their efforts as the region can only be effective if united in these efforts. Some issues, such as the unmanned coast and borders, require international cooperation among the region's members, and can be achieved if appropriate consultations are made.
59. This report endeavored to outline the typologies identified and common to the region with regard to how proceeds of DT are laundered.
60. No single member state of the region is affected by all the trends outlined however some trends are more prominent in some of the member states than in others.
61. What is evident is that the cultivation, processing and use of cannabis is on the increase across the region coupled with the fact that other hard drugs such as heroin and cocaine are now being consumed within the region, whereas previously, the common theory was that the region was only a transit point. It is therefore imperative that efforts to deal with these drug syndicates are increased in order to hit them where it hurts the most, which is the confiscation of the illicit proceeds they generate from committing the offences.

62. The lack of maintenance of substantive and comprehensive data is an issue which needs to be addressed since reliable data leads to informed policy interventions and allocation of scarce resources. Membership to various regional and international LEAs should not be viewed as an end in itself but countries should consider practical measures that will deal with the trans-national crimes associated with DT and ML.