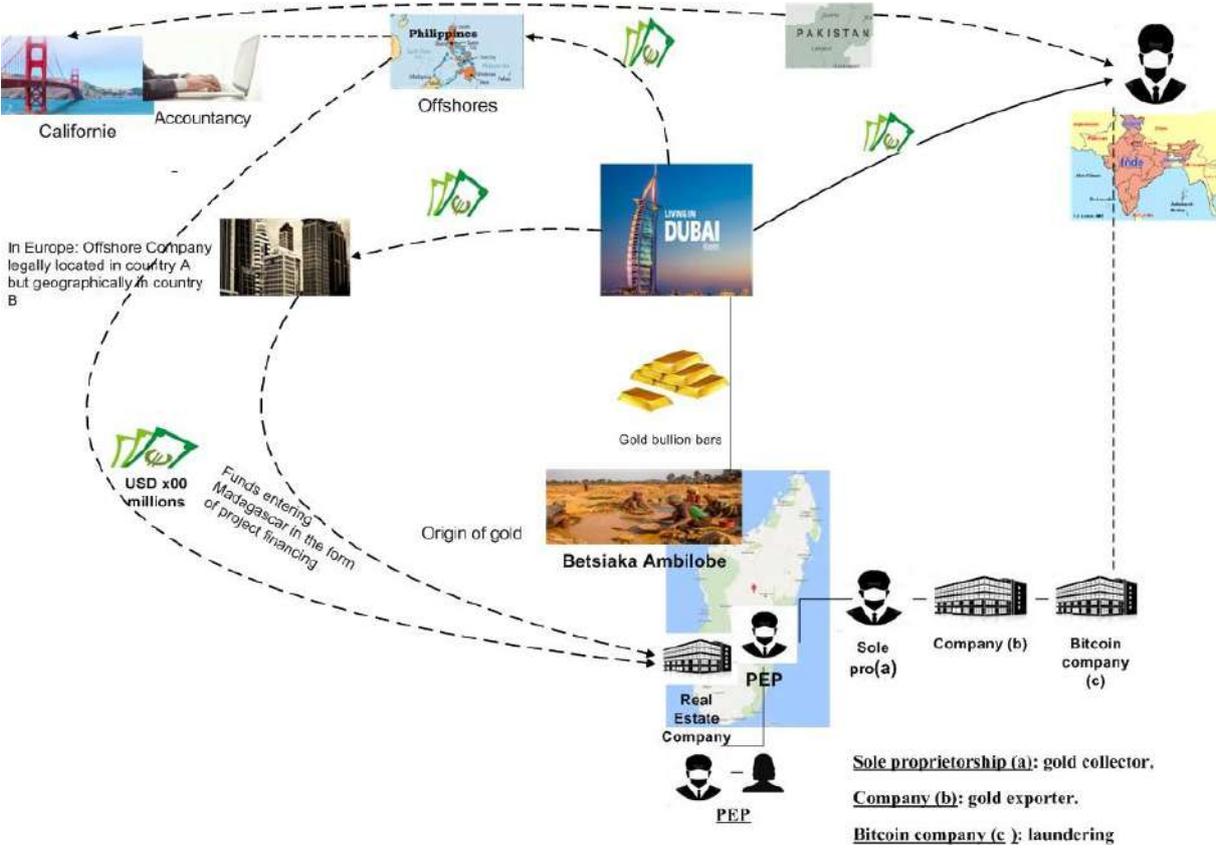


**Illegal and licit gold export amalgam followed by laundering via crypto-currency**



**Operating Procedures:**

The modus operandi of laundering is upstream, in the form of a public-private partnership followed by a joint venture between some mining companies in three stages:

- A Stage 1: Obtaining authorisation for gold exploration and exploitation by a State majority-owned company (A) and whose directors are PEPs. After prospecting, the company used small-scale gold miners recruited by an Intermediary company (B) with the required financial and human capacity.
- A Stage 2: Collection and transformation into raw (unrefined) gold ingots by a new company (C) owned mainly by the owner of the Intermediary company (B) which insures until export. The legal part of this export does not exceed 5% of the finished goods and the rest was exported without authorisation or declaration to the competent authorities.

This illicit export was transported by «cash couriers" to Dubai (UAE), which transport ingots and simultaneously foreign currency of more than €75,000 per trip belonging to this network. These cash couriers make several trips over a very short period of time (on average 3 trips per week per person). Once in Dubai, the funds from this illicit trafficking are transferred to several countries.

- Stage 3: Involvement of an international PEP with diplomatic immunity through the acquisition of shares of the Company (C), who called on an accomplice to set up a new crypto-currency company consortium that is suspected to facilitate the laundering of funds while taking advantage of the legal vacuum relating to the use of crypto-currencies.

**Indicators/Red flags:**

- Arrest of "cash couriers" transporting gold ingots and currencies;
- Reporting and information on social networks and media about these illicit trafficking;
- Border Police and Customs Administration reports of people on short-stay trips to Dubai carrying substantial currency.

**Profile of people implicated:** National and international PEPs, European nationals, Indians, Pakistani-Canadians.

**Sector:** Exports - Mining

**Places of operation:** Madagascar, United Arab Emirates, India, Russia, Germany, Pakistan...

**Alleged actions and roles:**

- A Madagascar: Gold ingots leaving
- A Destination: Dubai (UAE) and India
- A Involved: from Russia and India
- A Nominees: Pakistani of international renown
- A Deposit of accounts: Offshore in the Philippines
- A Account manager: Firm in California (USA)
- A Beneficial owner: Indian (PEP)

**Alleged predicate offences:** tax fraud, mining offences, customs fraud, Exchange Code offences.

**Past laundering stages:** Placement and Layering

**Final stage of suspected laundering:** Integration of illicit funds in various sectors of activity, especially agriculture.

**Involvement of other LEAs:**

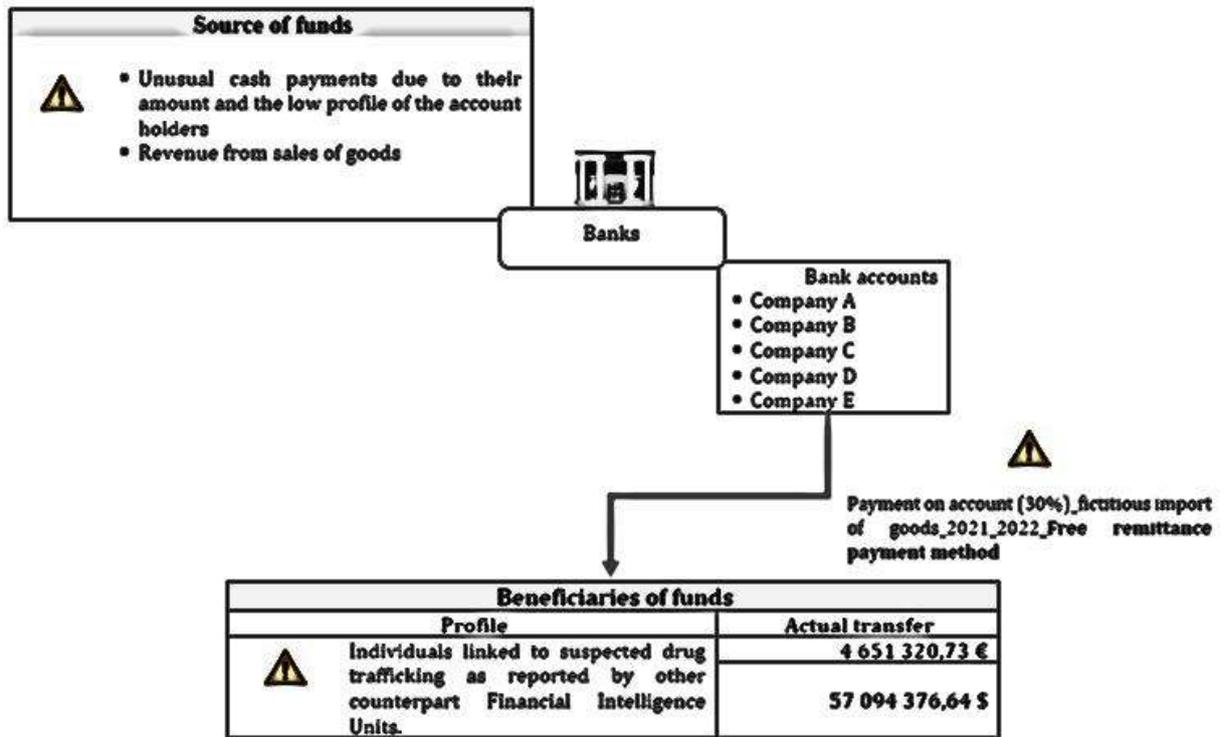
Through collaboration and cooperation between Law Enforcement Agencies (LEAs) namely the tax, customs, mining, internal security administration and the Pole Anti-Corruption.

**Shortcomings of the legal system:**

Contradiction between the legal texts governing this sector:

- On the one hand, the Law on the Foreign Exchange Code regulates and stimulates the obligation to repatriate foreign currency from exports, while the Mining Code and the Law on Major Mining Investments guarantee the free circulation of capital (offshore account and foreign currency accounting)
- On the other hand, the legal vacuum relating to the use of crypto-currencies.

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