

How to Unmask Threats Using Open Source Information?

Case Study

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«A lie can travel half way around the world while the truth is putting on its shoes»
- Charles Spurgeon



Introduction

Twenty years ago, finding even basic information about a company or an individual wasn't an easy task. Official documents such as commercial registries could only be consulted in local administration's offices, and even then, they hardly existed. Together with phone registrars, they were merely the only public information available at that time. One had to rely on documents provided by counterparts and independent verifications through private detectives were long and expensive.

The rise of Internet and the subsequent growth of open source data set the stage for a new kind of companies, featuring a dramatically increased amount of easily accessible information and sources.

In the same time, the globalization heavily modified business practices. Facing the exiguity of their respective national markets as well as the expanding of opportunities, SME as much as large groups expanded naturally their activities to the entire world. Working with new agents, suppliers, resellers, partners or clients abroad became a necessary step for many companies' everyday businesses. But this also means traveling, understanding other cultures and mastering different languages. Enjoying long-distance business relations is obviously important in terms of competitive advantages and market size. But as companies grasped the globalized economy's business opportunities, so did scammers, fraudsters, money launderers and other ill-intentioned people of all kind. Among all the risks incurred nowadays by companies, those from the internationalization of criminal threats are for sure the most challenging ones.

In order to prevent them, steps should be taken to ensure counterparts' integrity. As we help our clients to cope with this necessity, we are often dealing with shady and suspect situations. Our experience has shown that a proper use of the publicly available information is most of the time enough to prevent a large scope of such threats. We will there present a case study where the available open source information helped our clients to make the right decision.

Swiss banking officials filed 1,585 suspicious activity reports in 2012 to federal authorities. The suspicious transactions involved \$3.3 Billion (3.15 Billion Swiss Francs). 6 of the cases involved almost half of the money that was flagged.

Source: Helen Murphy and Nelson Bocanegra, "Money laundering distorts Colombia's economic comeback," Reuters, May 28, 2013



A Great Deal of Inconsistencies

This case starts with a concern of one of our client, a large European financial group, who was about to welcome an important deposit from a new client and needed to check his integrity within very short notice. The topic involved a Latin American real estate & construction company looking to deposit several hundreds of million USD. Our client provided us with the copies of the shareholders passports, addresses and company commercial register documents they received.

Given the extremely short delay, we decided to concentrate on the credibility of the subject's deposit. Our first step was to ensure the key individuals' and the company's very existences.

Indeed, the passports provided were real, and the two associates had long and documented records in the commercial register. Both seemed active businessmen, and their records showed participations in several companies amounting dozens of millions USD. The company itself was duly registered and its website displayed a long list of successful realizations, from prestigious villas to high quality office complexes.

With our client's approval, we nevertheless mandated one of our local sources and asked him to perform on-site visits. He went to the addresses recovered on the company's website and within the official documents, and what he found was quite far from the neat and polished, official company's image.

Our local agent began with the first associate's address, in fact a little building in a popular district. According to a local agency, the rent for such a place would not have exceeded 1'200 USD a month. That was only the beginning of a great deal of inconsistencies.

Financial experts estimate that up to \$17 Billion of money from drug trafficking, arms trafficking and human trafficking in Colombia is laundered each year. The amount of money laundering that takes place in Colombia is over 5 percent of the country's GDP.

Source: Helen Murphy and Nelson Bocanegra, "Money laundering distorts Colombia's economic comeback," Reuters, May 28, 2013



Our local agent continued his tour with the second associate's address, also possibly located in a modest and popular neighborhood. However, there was no street corresponding to the name provided. The address did simply not exist. Our agent went then to the address where their website claimed to have completed their last realization. Here again, there was nothing but wastelands. A quick control at the nearest police office confirmed that there was absolutely no buildings or compound under any kind of alleged name. Moreover, the company that supposedly built the compound could be found neither on the Internet, nor on the telephone registrar nor in the commercial register.

Our agent did finally dare to visit the company's office downtown. Apparently, the concierge never heard of the company. The office was nothing more than a 40 ft. local with nobody inside. At this point, it became clear that the targeted company was nothing more than a shelf company that never completed any building or any project. Everything claimed on the website was intentionally fake.

Regarding the associates, one could assume beyond reasonable doubt that these two were far from being multimillionaires. We didn't unravel the whole scheme which outcomes at this early stage was largely exceeding our client's expectations, but our expertise on criminal matters led us to a simple conclusion: the whole move was likely a gross money laundering scheme, and the two associates straw men for one or many criminal network(s).

This particular case demonstrated effectively the ease for such individuals to create structures appearing legitimate and to fraud even large business actors. As a matter of fact, long distances as well as cultural and language differences often turn any search difficult. Not for us. With all official documents in order, it would have been almost impossible to unmask such a threat without an on-site visit. However, the proper use of public information - on site visit being considered as such - was enough to prevent it. And most importantly, our client could avoid to accept several hundreds of millions USD of dirty money.

Criminals, especially drug traffickers, may have laundered around \$1.6 trillion, or 2.7 per cent of global GDP in 2009

Source: The United Nations Office on Drugs and Crime (UNODC)



Who Are We?

Swiss Made.

Global Risk Profile (GRP) is the first and only Swiss-based company specialized in Investigative Due Diligence. Offering our services to large Swiss and European companies as much as smaller clients to secure their counterparts worldwide, we provide independent and valuable information, and benefit our customers with proximity, reactivity and confidentiality.

A large Scope of Public and Confidential Information.

Our searches are made through every legally available sources, through our own archives containing thousands of sources with specialized information partially gathered through the OCO (Organized Crime Observatory) Network. We also, on demand, gather information directly on the field.

Each research and report is produced by a trained specialist that gathers, analyzes and packages the information in an executive document which meets the highest international compliance standards within a secured confidential framework.

Our reports are delivered online, within ten business days and at a fixed cost.

For more information about our team, our services and pricing and our methods, please visit our site:

www.globalriskprofile.com

Joël PASTRE

M. Pastre spent four and a half years as Analyst, Portfolio Manager and Team Manager in a reputable Swiss Asset Management company. he was responsible for both traditional equity and absolute return oriented long-only portfolios. Mr. Pastre previously spent two years as an Analyst in the Hedge Fund Research team and two years as an Analyst in the Quantitative Research Department. He also worked for a three - years research program financed by the Swiss Confederation entitled "Swiss Corruption and Organized Crime" and co-founded the OCO, the Organized Crime Observatory, in which he still serves as treasurer.

Nicolas GIANNAKOPOULOS

M. Giannakopoulos was in charge of the three-year research program financed by the Swiss Confederation entitled "Swiss Corruption and Organized Crime". He has previously been active in many research programs and has carried out many analyses for large institutions. He has collaborated closely with magistrates and police services and has been rewarded with the medal of Merit from the Brazilian judicial authorities. Mr. Giannakopoulos has published significant material concerning the different facets of modern criminal organizations. He is also President and co-founder of OCO, the Organized Crime Observatory, and Director of the Geneva-based criminal investigation company Inside.CO S.A.