

MONEY LAUNDERING THROUGH CONSULTING FIRMS

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ABSTRACT

The aim of this article is to illustrate potential conduits for money laundering in the consulting sector in Austria, Germany, Liechtenstein, and Switzerland. A qualitative content analysis of 100 semi-standardized expert interviews with both criminals and prevention experts was conducted, along with a quantitative survey of 200 compliance officers, allowing for the identification of concrete methods of money laundering in the consulting sector. Due to their excellent reputation, consulting companies in German-speaking countries in Europe continue to be extraordinarily attractive to money launderers. Most notably, they can be used for layering and integration, as well as for working around various issues with tax codes. As the qualitative findings are based on semi-standardized interviews, they are limited to only the 100 interviewees' perspectives. The identification of loopholes and weaknesses in the current anti-money laundering mechanisms is meant to provide compliance officers, law enforcement agencies, and legislators with valuable insights into how criminals operate, with the aim of helping them to more effectively combat money laundering. While the previous literature focuses on organizations fighting money laundering and on the improvement of anti-money laundering measures, this article illustrates how money launderers operate to avoid arrest. Prevention methods and criminal perspectives are equally taken into account.

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I. INTRODUCTION

It is well-known that laundering illegally obtained money is expensive. Nevertheless, criminals are often willing to spend a significant portion of their criminal assets on laundering activities. Prominent examples include, but are by no means limited to, using restaurants, bars or nightclubs to disguise criminal activity.¹ In these examples, money launderers pretend to have more revenue than they actually have and, thereby, place pecuniary proceeds from illegal activities into legitimate businesses. However, this implies that they need to maintain a certain infrastructure, which usually has its own associated costs, and, ultimately, they must pay taxes on the money they place into the businesses that act as fronts for their illegal activities.² In result, laundering cost can easily exceed 30 percent of the assets laundered.

However, money laundering can actually be quite profitable if done through the right conduits. This research article illustrates money laundering in the consulting sector in Austria, Germany, Liechtenstein, and Switzerland from the criminal's perspective.

II. LITERATURE REVIEW

The inception of money in human society was undoubtedly followed by the immediate rise of its laundering for criminal purposes. It was outlawed primarily to combat drug trafficking, under the rationale that trading drugs would be less attractive if it was subsequently difficult to spend or invest the proceeds of criminal activities. Today, money laundering, which includes revenue made from large variety of criminal activities, has been outlawed all around the world.³

Almost all definitions of money laundering include hiding, moving, or investing criminal assets. For the purposes of this study, money laundering is considered as any “act that is aimed at frustrating the identification of the origin, the tracing or the forfeiture of assets which [an individual] knows or must assume originate from a felony or aggravated tax misdemeanor” (Art. 305bis of the Swiss Criminal Code). The definition in Article 305bis of the Swiss Criminal Code is an exemplary national implementation of Article 3 of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which was adopted in Vienna on December 19th 1988. It contains a compre-

¹ Fabian Teichmann, *Real Estate Money Laundering in Austria, Germany, Liechtenstein and Switzerland*, 3, JOURNAL OF MONEY LAUNDERING CONTROL (2018), p. 370.

² Fabian Teichmann, *Twelve Methods of Money Laundering*, 20 (2), JOURNAL OF MONEY LAUNDERING CONTROL (2017), pp. 130 f.

³ Fabian Teichmann, *Umgehungsmöglichkeiten der Geldwäschereipräventionsmassnahmen* (1st ed. 2016), pp. 11 f.

hensive description of this crime, and it emphasizes that money laundering aims to obscure the provenance, tracing, or forfeiture of criminal assets.⁴

The vast majority of the existing literature focuses either on mechanisms and organizations aimed at preventing money laundering or on attempts at estimating its volume.⁵ However, these estimates are not very convincing, given the paucity of data and not knowing the true extent of global organized crime. Nonetheless, it is commonly acknowledged that money laundering continues to be a massive global problem⁶, and efforts at curbing such criminal activity have so far proved inadequate.⁷

Assessment of the national implementation of anti-money laundering laws is conducted by the Financial Action Task Force (FATF), which also coordinates global efforts in the fight against money laundering.⁸ The overwhelming majority of the FATF's recommendations focus on the financial sector, while other areas, such as the consulting sector, have received less attention in the past. Moreover, although the literature outlines several stages in money laundering, such as placement, layering and integration, it does not explain exactly how criminals act.⁹ In the past, the analysis of cash transactions has played an important role in better understanding money laundering.¹⁰

The classic case of money laundering has three stages: placement, layering and integration. Money is placed during the first stage – both the most important and most difficult step in the process, as the criminal assets are cleaned of their most immediate traces during this

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- 4 Fabian Teichmann, *Umgehungsmöglichkeiten der Geldwäschereipräventionsmassnahmen* (1st ed. 2016), pp. 12 f.
 - 5 Michele Bagella, Francesco Busato & Amedeo Argentiero, *Money laundering in a micro-founded dynamic model: simulations for the US and the EU-15 economies*, REVIEW OF LAW AND ECONOMICS (2009), p. 896; Elöd Takáts, *A theory of 'crying wolf': The economics of money laundering enforcement*, IMF WORKING PAPER (2007), p. 4.
 - 6 Harvey, (2004), p. 339; Van Duyne, (1994), p. 62; Walker, (1999), p. 36.
 - 7 Friedrich Schneider, *Money laundering and financial means of organised crime: some preliminary empirical findings*, 10(3), GLOBAL BUSINESS AND ECONOMICS REVIEW (2008), p. 309 f.; Fabian Teichmann, *Recent trends in money laundering and terrorism financing*, JOURNAL OF FINANCIAL REGULATION AND COMPLIANCE (2019), p. 1 f.
 - 8 Samuel Kern Alexander, *The international anti-money-laundering regime: The role of the financial action task force*, 4 (3), JOURNAL OF MONEY LAUNDERING CONTROL (2001), p. 231; Todd Doyle, *Cleaning up anti-money laundering strategies: current FATF tactics needlessly violate international law*, HOUSTON JOURNAL OF INTERNATIONAL LAW (2001), p. 312; Michael Levi & William Gilmore, *Terrorist finance, money laundering and the rise and rise of mutual evaluation: a new paradigm for crime control?*, in: Financing Terrorism (Mark Pieth, 1st ed. 2002), p. 88.
 - 9 Christoph Graber, *Das neue GwG: Gesetzesausgabe mit englischer Übersetzung, Ausführungserlassen und Anmerkungen*, 2 (2009); Friedrich Schneider & Ursula Windischbauer, *Money laundering: some facts*, EUROPEAN JOURNAL OF LAW AND ECONOMICS (2008), p. 394; Stefan Trechsel, *Geldwäscherei: Prävention und Massnahmen zur Bekämpfung* (1997), p. 14.
 - 10 Fabian Teichmann, *Recent trends in money laundering and terrorism financing*, JOURNAL OF FINANCIAL REGULATION AND COMPLIANCE (2019), pp. 1 f.

phase.¹¹ This followed by the layering stage, whereby the money is provided with an accounting legend. Layering often involves opening bank accounts in various jurisdictions.¹² Lastly, the money is integrated into the legal economic cycle¹³ – the stage that underscores the fundamental importance of accountants to money launderers.¹⁴

In sum, this study investigates how accommodating the consulting sector is for money laundering. In addition, concrete methods of money laundering are illustrated, and the criminals' detection risk are taken into account. Finally, perspectives of compliance officers are also provided.

III. RESEARCH DESIGN

Since prior studies have not explored criminals' money laundering methods, the literature review could not present a quantitatively testable hypothesis due to lack of data. Therefore, we adopted an exploratory, and thus qualitative, approach, having chosen semi-standardized expert interviews as a suitable research method.

When selecting interviewees, it was important to include the perspectives of both criminals and experts in compliance and prevention within our sample. Hence, our research was divided evenly between 50 informal interviews with presumed white-collar criminals and 50 formal interviews with prevention experts, all of whom requested and were granted anonymity. After the analysis of the 100 interviews, theoretical saturation had been reached and the answers tended to become repetitive, and therefore further sampling became unnecessary. Both groups were asked how they could hypothetically get away with money laundering and to address three essential elements: (a) the resources needed, (b) concrete steps, and (c) detection risks.

Personal network was tapped in the recruitment of interviewees, which includes an extensive pool of well-qualified compliance professionals and law enforcement officers (connections made during seminars given in the past). The age of the formal interviewees ranged from 27 to 76, the majority of whom worked for financial institutions (78 percent), followed by government ministries (ten percent), prosecutor's offices (six percent), and financial intelligence units (six percent). The range of industry experience was 5-35 years.

¹¹ Christoph Graber, *Das neue GwG: Gesetzesausgabe mit englischer Übersetzung, Ausführungserlassen und Anmerkungen* (2009), p. 2.

¹² John Madinger, *A Guide for Criminal Investigators* (3rd ed. 2011), p. 20.

¹³ Friedrich Schneider & Ursula Windischbauer, *Money laundering: some facts*, *EUROPEAN JOURNAL OF LAW AND ECONOMICS* (2008), p. 394; Stefan Trechsel, *Geldwäscherei: Prävention und Massnahmen zur Bekämpfung* (1997), p. 14; Gao & Xu, *XXX* (2009), p. 1494.

¹⁴ Fabian Teichmann, *Umgehungsmöglichkeiten der Geldwäschereipräventionsmassnahmen* (1st ed. 2016), p. 11 f.

Recruiting the launderers themselves for interviews was more challenging. Thankfully, however, the first named author is well connected with the law enforcement sphere in Eastern Europe, and his contacts were able to put him in touch with presumed criminals. The informal interviewees ranged from 22-78 years of age. Given that the conversations strictly focused on potential ways of laundering money, no specific (underlying) crimes were discussed. Furthermore, the informal interviewees' criminal record were not inquired about, in order to avoid ethical dilemmas.

Moreover, while this study focuses on money laundering trends in Austria, Germany, Liechtenstein and Switzerland, interviewees from all over the world were recruited. The underlying reasoning was that, while the aforementioned four countries are particularly suitable for money laundering, the perpetrators do not necessarily need to be Austrian, German, Swiss or Liechtenstein nationals. Nevertheless, the formal interviews were composed mostly by Swiss (46 percent), followed by Austrian (24 percent), German (16 percent) and Liechtenstein (six percent) nationals. The informal interviews, however, included Ukrainian (32 percent), Russian (30 percent), and Italian (28 percent) nationals, all of whom were considerably knowledgeable about money laundering in the German-speaking area of Europe.

Given that the presumed criminals would have not given their consent to be recorded for fear of possible prosecution, the informal interviews were documented through memory protocols, specifically involving note-taking both during and immediately after the interviews. Although this might be considered a limitation of the study, it was the only realistic means of including the money launderers' perspectives in the study. However, the formal interviews with prevention experts were recorded and transcribed.

Qualitative content analysis¹⁵ was performed on both sets of interviews. In particular, thematically similar statements were categorized, which were then reduced to generalizable core items for the facilitation of further analysis. Triangulation was used to assess the category system's objectivity, reliability, and validity. Furthermore, given that the author conducted the entire coding process, inter-rater reliability did not have to be assessed.

The results of the qualitative study were used to formulate the following three hypotheses, each tested via a quantitative survey of 200 compliance officers:

- (1) Compliance officers assess the role of the consulting sector in money laundering as significant.
- (2) Compliance officers rarely see cases of money laundering in the consulting sector.
- (3) Compliance officers believe that, from their experience, the money laundering activities carried out in the consulting sector are undetectable.

¹⁵ Philipp Mayring, *Qualitative Inhaltsanalyse: Grundlagen und Techniken* (2010), pp. 7 ff.

A password-secured online questionnaire was then created and distributed to carefully selected experts.

The quantitative survey was backed by a major compliance advisory firm, which provided a list of potential respondents. Letters with individual user names and passwords were sent to all individuals on the list. The survey resulted in a 43 % response rate was achieved. FluidSurveys, a survey software, was used to collect quantitative data.¹⁶

IV. EMPIRICAL FINDINGS

A. General Suitability

Consultancy firms – as legal and recognized entities operating largely outside regulated areas – appear to be particularly suitable for the layering and integration stages of money laundering. Non-transparent price formation and performance is difficult to objectify and thus is only conditionally measurable; however, it strengthens the suitability of these firms for money laundering.

Moreover, given that cash payments are rather uncommon in the consulting industry, consulting companies have only limited suitability for the placement level. Large cash amounts intended for deposit are usually questioned by the compliance departments of the banks. However, if the cash has already been paid in, layering and integration can be carried out by consulting companies. Money launderers can inject cash into the banking system in jurisdictions where the deposit of large cash amounts does not come under close scrutiny and then remit them to a consulting firm abroad. This consulting firm can then use the services of other companies, ideally also owned by the money launderer, and ultimately the money can be invested in legal activities, such as listed public companies.

Through such a strategy, consulting companies gain a significant advantage of being able to create legal and recognized structures with relatively little effort. For example, imagine a stock corporation in Switzerland that is required to pay 100,000 Swiss francs for a start-up account. These costs can be easily covered, along with another mere 5,000 Swiss francs to create a serious Internet presence. Finally, the “company” would need to organize a small office (often for comparatively low rent). Having done all this, a legal entity domiciled in Switzerland would appear (on paper) in international business dealings.

Close scrutiny by the authorities is circumvented by avoiding regulated areas. In addition, financial advisers or insurance brokers tend to be less likely to engage in money laundering than marketing consultants. Moreover, a marketing consultancy firm does not need to join a self-regulatory organization and is not the focus of financial market supervision.

¹⁶ Fabian Teichmann, *Recent trends in money laundering and terrorism financing*, JOURNAL OF FINANCIAL REGULATION AND COMPLIANCE (2019), p. XX.

Furthermore, consulting services are often very difficult to objectify and therefore hardly measurable, illustrated by the above-mentioned example of marketing advice. While the value of a legal opinion or investment advice should still be in proportion to the amount in dispute or to the assets to be invested, the development of a marketing strategy involves much greater discretion, especially when dealing with a new trademark, the value of which is difficult to fix.

B. Concrete Steps

First, the money launderer must choose a trustworthy country, preferably Switzerland, to establish a business. They should disguise the beneficial owner and establish subsidiaries abroad. The function of the money launderer's front is to provide advisory services at home and abroad. For the next step, they set up a professional website and a representative business address. It is essential that the money launderer actually provide some of the offered advisory services, which requires the involvement of existing companies. Only then do they shift the focus of services abroad, choosing destinations that make it almost impossible to verify the actual provision of the services. The money launderer then offers hard-to-objectify services, such as brand development, market analysis, and business brokerage services, the payment for which is made by bank transfer from e.g. Russia, Latvia and Kazakhstan. By simulating operating expenses, the money launderer ensures the plausibility of the business. Moreover, by including various neighboring countries and off-shore centers, the money launderer creates a complex structure with multiple levels of concealment, complicating any potential investigation. Additionally, having accounts in different jurisdictions ensure the social fabric. Ultimately, meticulous care is taken to ensure that the accounting books withstand a comparison to other companies within and outside the industry. Tax assessments are consistently permitted and taxes are paid promptly.

Establishing a public limited company in a trustworthy country is not a major problem. For example, thanks to the express procedures of Switzerland's commercial register, the process can be completed there within two weeks. The advantages of creating a stock corporation with a network of other legal persons primarily ensures the higher credibility of international business dealings. Especially when establishing further business relationships in Germany and Austria, a stock corporation is much less scrutinized than a limited liability company, creating a credibility that is vital to money launderers. Therefore, known as a safe haven in international business, Switzerland is a considerably more trustworthy jurisdiction than others for establishing a stock company that (ostensibly) adheres to fiscal responsibility. In contrast, a company registered in South Africa or the Cayman Islands, for example, is already suspect in European business.

A stock company in Switzerland should be established by a beneficial owner who is veiled, which can be done, for example, via subsidiaries and parent companies abroad. In times of increasing pressure from the OECD and the notorious Base Erosion and Profit Shifting program, the possibilities of disguising the beneficial owner have experienced a historic low for fiscal reasons. In terms of long-term obfuscation, bearer shares no longer offer a

serious solution. Instead, the use of chastity bonds and legal persons provide better alternatives. In the case of the latter, the beneficial owner is usually questioned, but they may be disguised abroad on several levels. Using straw people is by far the most discreet obfuscation method. However, they are also subject to a certain risk that they may potentially act contrary to the interests of the money launderer.

The choice of the company's stated purpose is essential. In principle, at this stage the company declares its interest in providing services in Germany and abroad, making it easier to justify an international customer base later. The most suitable consulting services involve family offices, given that they are not objectifiable. However, in the case of family office services, special care must be taken to ensure that no financial services are provided, as otherwise the company might have to join a self-regulatory organization.

In order to withstand superficial checks by authorities and banks, it is especially important to maintain a professional website. Pure domiciliary companies tend to face greater scrutiny and appear less trustworthy than companies with their own offices and employees. A website without subpages, which is obviously not search engine optimized and is thus only conditionally suitable for the acquisition of new customers, appears suspicious to the naked eye. Therefore, a clever money launderer ensures that their website meets the standards of medium-sized consulting companies.

Furthermore, the practical money launderer chooses a representative business address that does not cause excessive costs or attract the suspicion of neighbors due to vacant offices. Therefore, it should not be located at a known address for domiciliary companies in the canton of Zug, for example. It would be better to choose a small office near the University of St. Gallen, which would be affordable and appear more plausible at first glance. The proximity of the office to the university could even be used as a front providing access to international know-how.

This is followed by what is probably the biggest obstacle to this method of money laundering: this newly founded consulting firm must actually provide consulting services for easily verifiable clients in Switzerland. This serves as a proof of the actual conduct of consulting services, which could mitigate or even eliminate any suspicion of money laundering in the event of an investigation. Therefore, it is essential that established and trust-inspiring companies are advised.

Companies to be consulted are selected in two ways: 1) the money launderer can use an already existing company, such as restaurant, for example, to be advised; 2) existing consulting firms could be bought up and management consultants recruited with a solid customer base.

By holding such investments, a solid customer base can be simulated. For the next step, fictional customers are created abroad. These clients are located in jurisdictions where it is possible to inject large amounts of cash into the banking system. To this end, it is particularly suitable to choose jurisdictions in Eastern Europe, as the supervisory authorities there are sometimes less strict than in Switzerland, Germany or Austria. Moreover, the

high level of corruption in these countries suggests that even strict controls can be circumvented.

The fake Eastern European customers make use of various advisory services, including the especially popular market analysis. For example, let's say some money launderers have created a new brand for the introduction of a sweet-tasting soft drink on the world market to compete with existing brands in this area. There are barely any upper limits to the sums of the consulting fees for such a product. Other customers, however, use less sophisticated and more modest services, such as the recommendation of a school or university in Europe for their children.

Next, business expenses are simulated. The advantage of this is that a consulting company without personnel expenses would seem less plausible. Next, expenses for the company headquarters as well as for company cars have to be considered, which should be in line with industry averages to withstand a possible examination by the investigative authorities. The size of the consulting firm will dictate the exact amount of expenditures.

Consulting companies typically face a fairly high expenditure for the above-mentioned camouflages. Therefore, it is essential that these funds not end up in the private pockets of auxiliaries, but ultimately remain in the economic sphere of the money launderer. Utilizing subcontractors abroad can achieve this effect. For example, agencies in Russia could receive lavish fees for brokering Russian consulting clients. Consulting companies in Dubai, for example, could provide part of the services, which would then be billed using standard transfer pricing methods. Moreover, Cost Plus and the Resale Minus methods appear to be particularly suitable in this context.

By including foreign companies, the money launderer creates complex networks, which can only be checked with considerable effort. No authority would question that such a consulting firm holds interests in other consulting firms and recruitment agencies in more than 20 countries. This, in turn, complicates any investigation of the social fabric, as official and legal assistance would be necessary from more than 20 countries, thus significantly delaying and complicating any investigation.

In addition, all subsidiaries should have bank accounts in different jurisdictions, ensuring that the companies will be even more confusing. Ideally, other jurisdictions would have to be included in any investigations, creating additional complexity. This would help, for example, if a bank suspects money laundering. With active accounts both at home and abroad, the company is capable of acting even if under suspicion.

Furthermore, by consistently accepting tax assessments and promptly paying any tax debts, the aforementioned consulting companies benefit from additional camouflaging, as money launderers would not want tax authorities to take a second look at their accounts. After all, these companies can avoid scrutiny best by meticulously managing books, hiring a confidence-inspiring tax expert who has good contacts with the relevant tax authority, and a certain tolerance for any errors made by the authorities.

C. Resources

To implement the illustrated method of money laundering, the money launderer needs placement options for cash deposits. This requires a bank with correspondent branches abroad and a solid network of offshore companies with bank accounts in Dubai, for example, and other destinations. In addition, owning a company in Switzerland with consultants, directors and a good reputation is necessary.

Placement by cash deposits in this variant is quite a challenge. Ideally, the money launderer has good contacts with banks in Russia and Kazakhstan where he or she deposits the criminal funds. Then, the funds are transferred twice within Russia, after which the money launderer has to transfer the criminal funds abroad. Upon the third transfer, the money launderer will ensure that the money reaches an account that allows for further transfer abroad. Due to current sanctions on Russia, this means the money lands in a Kazakh bank. As European banks have settled in these post-Soviet countries, a bank with correspondent branches in Switzerland should be easy to find.

At the same time, establishing companies in countries like the United Arab Emirates (Dubai) provides a significant advantage to the money launderer due to their free-trade zones. Once such a company has been set up (which can be done quite easily), and together with a letter of recommendation from another bank, there should be no further obstacles to opening the bank account in Dubai.

A similar company in Switzerland is also easy to set up. However, given that consultants, directors and a good reputation are required, it is worth considering whether or not buying an existing company with a solid infrastructure and customer base. Any new company should include competent advisers in order to be able to exercise actual control over the funds. To avoid surprises, the money launderer ensures the competency of his advisers so that any problems arising from language barriers are avoided.

Furthermore, a money launderer needs directors to ensure an actual offer. A consulting firm without a director is usually considered to have very poor credibility. Moreover, the presence of real people on the internet who can actually be contacted makes it easier for a company to withstand a superficial review.

Most suitable are directors with a good reputation. Should the local prosecutor's office have doubts about the company, a director with an impeccable reputation as an honorable business person, who is ideally well-connected locally, will certainly help calm investigators.

D. Risks

Any official and legal assistance is clearly a risk that could remove the anonymity of the beneficial owner, which is a serious problem for the money launderer. An additional risk is transaction analysis by the banks. A money launderer must also remember that cash fees are uncommon in the consulting industry and would certainly give rise to suspicion.

Moreover, excessively high fees or silent companies could quickly attract a detailed check by the police, the prosecutor's office or the tax authorities.

Official and legal assistance are the money launderer's natural enemies. Transaction analyses by banks pose another problem. For example, a Swiss bank could investigate suspicious transactions and choose to report them to the Swiss Money Laundering Reporting Office to protect themselves from compliance risks. It is therefore important to keep banks happy by being open and cooperative in sustaining a lucrative business together. Small private banks are probably better suited for this purpose than large corporations, since the individual customer in smaller banks carries more importance. Thus, a money launderer should encourage the bank, through commercial interests and proper fulfillment of all formal compliance requirements, to refrain from reporting. Alternatively, it helps to choose banks with less competent compliance officers. However, it can prove difficult to determine *ex ante* which compliance officer will audit the transaction. Thus, it may make more sense to seek out corrupt compliance officers.

Instituting cash fees is uncommon in the consulting industry and would immediately attract attention, especially during a transaction analysis. Over time, a detailed review of the company by the police, the prosecutor's office or the tax authorities should always be expected. As a precautionary measure, having some real customers in Switzerland is wise. A money launderer should be well-prepared: if he or she begins to fake contracts after the first house search, then it is usually already too late. A forward-thinking money launderer expects a search of his or her business premises at some point and maintains complete, plausible and reputable-looking documentation of every important business transaction there. By observing these precautionary measures, he or she can manage to curb suspicion immediately.

Silent companies could also be dangerous for the money launderer. It is therefore important that he or she creates the appearance of activity in order to reduce the risk. A website that is easy to find using popular search engines can be helpful here.

A serious problem is the large number of persons involved – ultimately, these connections can always be used as potential witnesses in criminal proceedings. By creating plausible companies, several people are involved in the end, and they have access to business records. Therefore, it is advisable to use close confidants and small companies.

E. Overall Assessment

The method and strategies presented above offer many advantages for money laundering. In particular, it is suitable for laundering large amounts of money while only taking on relatively low costs. While restaurants have to cope with the cost of goods, for example, a consulting company has to shoulder significantly less effort. Yet, this model also carries

certain risks, the most potentially devastating being the number of potential witnesses.¹⁷

It should also be kept in mind that this method attracts the attention of compliance officers relatively often. Within the scope of this study, 62 percent of the surveyed compliance officers mentioned being aware of cases of money laundering in connection with consulting services in the past three years. The main reason for this is that consulting services are usually paid through bank accounts rather than in cash, which inevitably involves banks and compliance officers. However, achieving success by undertaking the above-mentioned steps seems likely for the money launderer, as 85 percent of compliance officers believe that, in most cases, they are unable to detect money laundering activities carried out in the consulting sector. This suggests that this sector is overlooked in terms of money laundering activities.¹⁸

V. CONCLUSION

In conclusion, it can be stated that the consulting sector in Austria, Germany, Liechtenstein and Switzerland continues to remain extraordinarily attractive for money laundering. Despite this reality, it has received relatively little attention in the literature, especially with regard to the actual methods used for laundering money.¹⁹

This study has aimed to help fill this gap in the research. The methods outlined in this paper are suitable for all stages of the money laundering process, namely: placement, layering, and integration. While money laundering tends to be expensive in other business sectors, the consulting sector provides a potentially profitable alternative for money launderers.²⁰ This is largely due to tax benefits obtained through the involvement of offshore companies.

In addition, few risks are presented in this method of money laundering, especially given that compliance officers often claim that money laundering in the consulting sector is undetectable. Data from our interviews with compliance officers confirms this.²¹

¹⁷ Fabian Teichmann & Bruno Sergi, *Compliance in Multinational Corporations: Business Risks in Bribery, Money Laundering, Terrorism Financing and Sanctions* (2018), pp. 50 f.

¹⁸ Fabian Teichmann, *Umgehungsmöglichkeiten der Geldwäschereipräventionsmassnahmen* (1st ed. 2016), pp. 150 f.

¹⁹ Fabian Teichmann, *Real Estate Money Laundering in Austria, Germany, Liechtenstein and Switzerland*, 3, *JOURNAL OF MONEY LAUNDERING CONTROL* (2018), p. 375.

²⁰ Fabian Teichmann, *Real Estate Money Laundering in Austria, Germany, Liechtenstein and Switzerland*, 3, *JOURNAL OF MONEY LAUNDERING CONTROL* (2018), p. 375.

²¹ Fabian Teichmann, *Real Estate Money Laundering in Austria, Germany, Liechtenstein and Switzerland*, 3, *JOURNAL OF MONEY LAUNDERING CONTROL* (2018), p. 375.