

# **Transnational Organised Crime and Illicit Financial Flows: Nigeria, West Africa and the Global North**

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The candidate confirms that the work submitted is his own and that appropriate credit has been given where reference has been made to the work of others.

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## **Abstract**

This study addresses transnational organised crime and illicit financial flows in Nigeria, West Africa and the Global North (i.e. Europe). Based on extensive documentary analysis and expert interviews conducted in the four countries (i.e. Nigeria, Ghana, Senegal and the Gambia). It reveals the contemporary changes of organised crime in a global context. Having outlined the dynamics of global transnational organised crime, the study examines three specific organised crime groups in Nigeria. These are; human trafficking; drug trafficking and advance fee fraud (AFF) cybercrime related. Having considered the phenomenon of organised crime and its contemporary problems in Nigeria, the study turns to an evaluation of the regime against money laundering from a global perspective. It assesses some relevant global initiatives and instruments which combat the proceeds of organised crime in West Africa and Nigeria.

The study introduces the conceptual frameworks using the rational choice theory to 'frame' organised crime offenders from Nigeria and the author uses Value, Accessibility and Transaction (VAT) Model to explain the routine activities of the rational criminal actors from Nigeria before considering the anti-money laundering framework (i.e. the Financial Action Task Force 40 Recommendations) as the instruments to decrease the risk of organised crime financial transactions within the global jurisdictions.

The exploration of cybernetics in this study offers a scientific model called Anti-Money Laundering Transaction Validation Model with aim of providing a solution which strengthens the effectiveness of the anti-money laundering (AML, hereinafter) regimes in Nigeria, developing economies and globally.

Finally, the thesis concludes that those international initiatives, recommendations and the instruments of soft-laws from developed countries to combat the illicit financial flows of organised crime in developing economies cannot be effective without providing solutions to the impediments affecting the curbing of illicit financial flows from organised crime in developing countries, such as Nigeria.

## Table of Contents

<b>Acknowledgements</b>	<b>iii</b>
<b>Abstract</b>	<b>iv</b>
<b>Index of Tables</b>	<b>xiii</b>
<b>Index of Figures</b>	<b>xv</b>
<b>Index of Text Boxes</b>	<b>xvi</b>
<b>Index of Case Studies</b>	<b>xvii</b>
<b>Table of Abbreviations</b>	<b>xviii</b>
<b>Table of Expert Interviews Quotation Codes</b>	<b>xxii</b>
<b>Table of Appendices</b>	<b>xxiv</b>
<b>1 Introduction of the Thesis</b>	<b>1</b>
<b>1.1 Central Thesis and Contribution to Knowledge</b>	<b>2</b>
<b>1.2 Thesis Outline</b>	<b>3</b>
<b>1.3 Methodology</b>	<b>5</b>
1.3.1 Research Objectives and Questions	5
1.3.1.1 <i>Research Objectives</i>	5
1.3.1.2 <i>Research Questions</i>	6
1.3.2 Documentary Analysis	6
1.3.2.1 <i>Types of Documents</i>	7
1.3.3 Expert Interviews	9
1.3.4 Expert Interview Sample	9
1.3.4.1 <i>Access to the Interview Experts</i>	10
1.3.4.2 <i>Selection of Experts</i>	11
1.3.4.3 <i>Anonymity</i>	12
1.3.5 Interview Schedule	12
1.3.6 Data analysis	13
1.3.7 Research Ethics	15
<b>Part 1 Transnational Organised Crime Concepts and Phenomenon</b>	<b>16</b>
<b>2 Organised crime: Concepts, Characteristics and Types</b>	<b>17</b>
<b>2.1 Defining Organised Crime</b>	<b>17</b>
2.1.1 The Social Sciences Definitions	18
2.1.1.1 <i>Organised Crime as an Organisation</i>	18
2.1.1.2 <i>Organised Crime as a Patron-Client Model</i>	19
2.1.1.3 <i>Organised Crime as Defined by its Objectives</i>	20
2.1.1.4 <i>Organised Crime as Social Networks and Systems</i>	21
2.1.2 The Institutional Definition	22

2.1.3	Common Ground and Critique of Definitions of OC	23
<b>2.2</b>	<b>Contemporary Changes and Characteristics of OC</b>	<b>24</b>
2.2.1	Transnational Dimension	24
2.2.2	Structure and Networks	25
2.2.3	Specialisation	29
2.2.4	Use of Legitimate Business Structures	29
2.2.5	Counter-measures	31
2.2.6	Violence	31
2.2.7	Corruption	32
<b>2.3</b>	<b>Transnational Organised Crime</b>	<b>33</b>
2.3.1	Human Trafficking and Smuggling	34
2.3.2	Trafficking in Illicit Goods	36
2.3.2.1	<i>Drug Trafficking</i>	36
2.3.2.2	<i>Counterfeit Products Trafficking</i>	39
2.3.2.3	<i>Illicit Trafficking in Human Organs</i>	41
2.3.3	Other Types of Illicit Trading of Goods	42
2.3.3.1	<i>Environmental resource trafficking</i>	42
2.3.3.2	<i>Illicit Trade in Cultural Resources</i>	45
2.3.3.3	<i>Illicit Arms Trading</i>	45
2.3.4	Cybercrime	46
<b>2.4</b>	<b>Estimated Market Value of illicit Global Transnational Flows</b>	<b>48</b>
<b>2.5</b>	<b>Conclusion</b>	<b>51</b>
<b>3</b>	<b>Organised Crime in Nigeria: History and contemporary problems</b>	<b>53</b>
<b>3.1</b>	<b>History of Organised Crime in Nigeria</b>	<b>53</b>
<b>3.2</b>	<b>Human Trafficking Context in Nigeria</b>	<b>54</b>
3.2.1	The Contemporary Challenges of Human Trafficking In Nigeria	58
3.2.1.1	<i>The Lack of a Social Welfare System</i>	58
3.2.1.2	<i>Social and Cultural Inequality of Women</i>	59
3.2.1.3	<i>High Profit - Low Risk</i>	59
3.2.1.4	<i>The Continuous Growth of the Sex Industry in the Global North</i>	60
3.2.1.5	<i>The Porosity of Borders and the Corruption of Law Enforcement Agencies</i>	60
3.2.2	The Major Actors of Human Trafficking Business in Nigeria	61
3.2.2.1	<i>The Nigerian 'Madam' - at the Country of Destination</i>	62
3.2.2.2	<i>Nigerian 'Madam' - as the Native Perpetrator</i>	62
3.2.2.3	<i>Trafficking Facilitators</i>	63

3.2.2.4	<i>The Users of Trafficked Persons</i>	64
3.2.2.5	<i>Other Perpetrators</i>	64
3.2.3	The Human Trafficking Scheme in Nigeria	65
<b>3.3</b>	<b>Drug Trafficking Context in Nigeria</b>	<b>70</b>
3.3.1	The Contemporary Problems of Illicit Drugs in Nigeria	73
3.3.1.1	<i>Illicit Use of Drugs among Young People</i>	73
3.3.1.2	<i>Cultivation of Cannabis in Large-scale Farms in Nigeria</i>	74
3.3.1.3	<i>Emergence of the Clandestine Illicit Drug Laboratory in Nigeria</i>	74
3.3.1.4	<i>An Increase in the Bulk Shipment of Drugs from Source Countries to Nigeria</i>	75
3.3.1.5	<i>Corruption Among the Officers of the Nigerian Drug Agency</i>	75
3.3.1.6	<i>The Use of Minors and Aged Parents</i>	76
3.3.1.7	<i>International Student Couriers</i>	76
3.3.2	The Major Actors of Illicit Drug Trafficking in Nigeria	77
3.3.2.1	<i>Drug Barons</i>	77
3.3.2.2	<i>The Striker</i>	78
3.3.2.3	<i>Drug Couriers</i>	79
3.3.3	Scheme of Drug Trafficking Business in Nigeria	82
<b>3.4</b>	<b>Nigerian ‘419’ Advance Fee Fraud Transnational Crime</b>	<b>84</b>
3.4.1	Contemporary Problem of ‘419’ Advance Fee Fraud	86
3.4.2	The Nigerian Advance Fee Fraud Transnational Crime Actors	88
3.4.3	The Nigerian Advance Fee Fraud Scheme	91
3.4.3.1	<i>The ‘First-generation’ AFF Criminal Business Model</i>	92
3.4.3.2	<i>The ‘Second-generation’ AFF Criminal Business Model</i>	94
<b>3.5</b>	<b>Conclusion</b>	<b>98</b>
	<b>Part 2 Regime against Illicit Financial Flows of Organised Crime and Conceptual Framework</b>	<b>100</b>
<b>4</b>	<b>The Regime against Money Laundering</b>	<b>101</b>
<b>4.1</b>	<b>Money Laundering Definitions and Context</b>	<b>101</b>
4.1.1	What is Money Laundering?	102
4.1.1.1	<i>Institutional Definition of Money Laundering</i>	102
4.1.1.2	<i>Social Sciences Definitions of Money Laundering</i>	104
4.1.2	Money Laundering Stages	106
4.1.2.1	<i>Placement</i>	106
4.1.2.2	<i>Layering</i>	108

4.1.2.3	<i>Integration</i>	108
<b>4.2</b>	<b>Magnitude of the global problem of money laundering</b>	<b>110</b>
<b>4.3</b>	<b>Global Initiatives for Combating Money Laundering</b>	<b>114</b>
4.3.1	The Vienna Convention	115
4.3.2	The Palermo Convention	116
4.3.3	The Council of Europe Convention	117
4.3.4	The European Money Laundering Directive	118
4.3.5	The Commonwealth Strategies against Money Laundering	120
<b>4.4</b>	<b>The Global Standard Setters and Specialized Institutions in Combating Money Laundering</b>	<b>120</b>
4.4.1	Financial Action Task Force (FATF)	120
4.4.1.1	<i>Standard Setting</i>	121
4.4.1.2	<i>Ensuring Compliance</i>	122
4.4.1.3	<i>Conducting Money Laundering Typologies (Methods) Studies</i>	122
4.4.1.4	<i>Outreach</i>	123
4.4.2	The United Nations (UN)	123
4.4.3	The World Bank and the International Monetary Fund	124
4.4.4	The Basel Committee Statement	125
4.4.5	The Egmont Group	125
4.4.6	The FATF-Style Regional Initiatives	127
<b>4.5</b>	<b>Conclusion</b>	<b>128</b>
<b>5</b>	<b>Framing Organized Crime in Nigeria: Rational Choice Theory and Anti-Money Laundering Framework</b>	<b>130</b>
<b>5.1</b>	<b>Rational Choice Theory</b>	<b>130</b>
5.1.1	Limitations of Rational Choice Theory	132
<b>5.2</b>	<b>Business Opportunities Decision Modelling: The Nigerian Organised Crime Offenders</b>	<b>132</b>
5.2.1	Value	133
5.2.2	Accessibility	135
5.2.3	Transaction	136
5.2.3.1	<i>Managing the Risk in the Supply Market by the Organised Crime Offender</i>	136
5.2.3.2	<i>Managing the Risk in the Transit Country (Nigeria)</i>	137
5.2.3.3	<i>Managing the Risk while Trafficking the Goods to the Demand Markets</i>	137
5.2.3.4	<i>Managing the Risk of Proceeds of Crime</i>	138



<b>5.3 Increasing the Risks of Organised Crime Transactions:</b>	
<b>Anti-Money Laundering Framework</b>	<b>138</b>
5.3.1 AML Policies and Domestic Coordination to Combat the Organised Crime Risks	139
5.3.2 Pursuing Illicit Flows of Organised Crime and Other Related Serious Crimes	140
5.3.3 Preventive Measures Requested by Financial Institutions to Combat Transaction Risks of OC Group Offenders	142
5.3.3.1 <i>Financial Institutions Secrecy Law</i>	142
5.3.3.2 <i>Customer Due Diligence and Record Keeping</i>	143
5.3.3.3 <i>Political Exposed Persons (PEPs)</i>	145
5.3.3.4 <i>High Risk Financial Services and Products Measures</i>	145
5.3.3.5 <i>Internal Control Programme</i>	148
5.3.3.6 <i>Reporting Suspicious Transactions</i>	149
5.3.4 The Preventive Power and Responsibilities of CAs in Combating Transactions of OC offenders and other Related Crimes	150
5.3.4.1 <i>Regulation and Supervision</i>	150
5.3.4.2 <i>Law Enforcement Responsibilities and Powers</i>	151
5.3.5 International Cooperation Against the Illicit Transactions of Organised Crime Group	152
5.3.5.1 <i>International Cooperation Instruments</i>	153
5.3.5.2 <i>Mutual Legal Assistance (MLA)</i>	153
5.3.5.3 <i>Mutual Legal Assistance: Freezing and Confiscation</i>	154
5.3.5.4 <i>Extradition of the Organised Crime Offenders</i>	155
<b>5.4 Critics of Anti-Money Laundering Context</b>	<b>155</b>
<b>5.5 Anti-Money Laundering (AML) Transaction Validation Model:</b>	
<b>The Answer to Outcome Effectiveness of the AML Regimes</b>	<b>159</b>
5.5.1 Customer Identification Stage: The Know Your Customer Components of the Model	162
5.5.2 Core Banking Applications/Other Reporting Institution Transaction Application Platform Stage	164
5.5.3 AML Transaction Validation Schema	166
5.5.4 System Generated Validation Codes	166
5.5.5 Transaction Authentication by the Account Holders	167
<b>5.6 Likeable Limitations of the implementation of the AML Model</b>	<b>167</b>

<b>5.6 Conclusion</b>	<b>168</b>
<b>6 The Perspective of Organised Crime Financial Flows:     The Roles of Various Agencies in Nigeria</b>	<b>169</b>
<b>6.1 Illicit Financial Flows of Organised Crime         Businesses and Transactions</b>	<b>169</b>
6.1.1 The Money Laundering Techniques and Case Studies of Drug Trafficking Offenders	170
6.1.2 The Basic Money Laundering Techniques and Case Studies of Traffickers in Human Beings	178
6.1.3 Basic Money Laundering Techniques and Case Studies of Advance Fee Fraud Offenders (AFF)	183
<b>6.2 The Overview of the Money Laundering “Red Flag” Indicators         Used by the OC Offenders in the Reviewed Case Studies</b>	<b>188</b>
6.2.1 The General Red Flag indicators	188
6.2.2 Differences in Red Flag Indicators: Drug Trafficking, Trafficking in Human Beings and Advance Fee Fraud Cybercrime	188
<b>6.3 The Roles of Specialised Competent Authorities in Curbing         Organised Crime in Nigeria</b>	<b>191</b>
6.3.1 The Role of National Drug Law Enforcement Agency (NDLEA)	191
6.3.2 The Role of National Agency for Prohibition of Traffic in Persons and Other Related Matters (NAPTIP) in Nigeria	196
6.3.3 The Role of Economic and Financial Crimes Commission (EFCC) In the Fight against Advance Fee Fraud in Nigeria	201
6.3.3.1 <i>Intelligence Gathering</i>	201
6.3.3.2 <i>Enforcement</i>	202
6.3.3.3 <i>Destruction of Criminal Business Model</i>	203
6.3.3.4 <i>Prevention and Engagement with Stakeholders</i>	204
<b>6.4 Conclusion</b>	<b>204</b>
<b>Part 3 Success and Failure: Policy Implications</b>	<b>206</b>
<b>7 Impediments Affecting the Curbing of Illicit Financial Flows     from Organised Crime in Developing Economy: Policy Implications</b>	<b>207</b>
<b>7.1 Analysis of Impediments</b>	<b>207</b>
7.1.1 Political Impediments	207
7.1.1.1 <i>‘Blindfolded’ Capable Guardian and Political Corruption</i>	208
7.1.1.2 <i>Politicising the Operational Autonomy of the                         Financial Intelligence Unit (FIU) in Nigeria</i>	210
7.1.2 Operational and Social Impediments	213

7.1.2.1	<i>Customer Due Diligence Bottlenecks</i>	214
7.1.2.2	<i>The Consequence of Customer Due Diligence (CDD): Pressure on Financial Inclusion and Social Justice</i>	217
7.1.2.3	<i>Lack of a Robust Land Registry</i>	218
7.1.2.4	<i>Law Enforcement Operating Environment and its Complication in Nigeria</i>	218
7.1.2.5	<i>Reporting Entities' Compliance Officers versus Law Enforcement Agencies in Nigeria</i>	220
7.1.2.6	<i>Organised Crime Offenders in Nigeria are Recidivists</i>	220
7.1.3	<b>Economical Impediments</b>	221
7.1.3.1	<i>Cash Base and Parallel Economy</i>	222
7.1.3.2	<i>Free Cross Border Movement of People, Goods and Cash within West African Region</i>	222
7.1.3.3	<i>Relationship Banking versus Financial Integrity</i>	222
7.1.4	<b>Legal Impediment</b>	224
7.1.4.1	<i>Jurisdictional Legal Displacement</i>	224
7.1.4.2	<i>Impediment of Asset Recovery Management and Confiscation Act</i>	225
7.1.4.3	<i>Ineffective Criminal Justice System</i>	226
	<b>7.2 Policy Implications</b>	<b>227</b>
	<b>7.3 Conclusion</b>	<b>230</b>
<b>8</b>	<b>Collaboration against OC Illicit Financial Flows in Nigeria:</b>	
	<b>A call for Data and Intelligence Reports Assurance</b>	<b>232</b>
	<b>8.1 The Role of the Nigerian Financial Intelligence Unit (NFIU) in Curbing Organised Crime Financial Flows</b>	<b>233</b>
	8.1.1 The Powers of the NFIU	233
	<b>8.2 Data Collaboration between the NFIU and the Reporting Institutions</b>	<b>235</b>
	8.2.1 The Data Integrity of the Statutory Reports in Nigeria	236
	8.2.2 The Data Structure for Anti-Money Laundering (AML) Statutory Report in Nigeria	240
	8.2.3 The Data Structure for Currencies Declaration Reports	245
	<b>8.3 The AML Intelligence Sharing of the NFIU with the Relevant Competent Authorities (CAs) in Nigeria</b>	<b>249</b>
	<b>8.4 Peer-Reviewing the NFIU Statutory Reporting Regime with that of their other Counterpart Financial Intelligence Units (FIUs) in the Region</b>	<b>254</b>

8.4.1	Comparison of the AML Statutory Data of the Financial Intelligence Centre, Ghana and that of the NFIU	254
<b>8.5</b>	<b>Some Concluding Thoughts on the Future:</b>	
	<b>Enhancing AML Data Intelligence in Nigeria</b>	<b>258</b>
8.5.1	Continuous Public Engagement	259
8.5.2	The Need for Private Sector Engagement	260
8.5.3	Strengthening Public Sector Collaborations	262
8.5.4	The Compatibility of the NFIU Database with that of the Reporting Institutions and other Competent Authorities	264
8.5.5	Development of the AML Intelligence Performance Indicators and Targets	265
<b>9</b>	<b>The Collection of Contribution to Knowledge</b>	<b>267</b>
<b>9.1</b>	<b>Limitations of Study and Scope for Future Research</b>	<b>267</b>
<b>9.2</b>	<b>Primary Research Findings</b>	<b>269</b>
9.2.1	Dynamics of Global Transnational Organised Crime	269
9.2.2	Phenomenon of Organised Crime in Nigeria	272
9.2.3	The Regime against Illicit Financial Flows	273
9.2.4	Theoretical and Conceptual Frameworks of Study	277
9.2.5	Perspective of Concealment of Organised Crime Financial Flows	279
9.2.6	Impediments Affecting the Success of Anti-Money Laundering Regime in Developing Economy	281
9.2.7	The collaboration Impact of the Anti-Money Laundering Data and Intelligence Reports to Combat Proceeds of Organised Crime Groups in Nigeria	283
<b>9.3</b>	<b>Conclusion on Central Thesis</b>	<b>286</b>
	<b>Appendices</b>	<b>289</b>
	<b>Bibliography</b>	<b>317</b>

## Index of Tables

Table 2.1: <i>Top 10 most frequently Cited Countries of Origin, Transit, and Destination of Trafficked Persons (2002)</i>	35
Table 2.2: <i>Annual Prevalence of Drug Use at the Global Level, by Illicit Drug Category, 2009-2010</i>	37
Table 2.3: <i>Estimated Illicit Market Value of transnational crime</i>	49
Table 3.1: <i>Details of Trafficked Victims Rescued in Nigeria from January 2004 – August 2011</i>	56
Table 3.2: <i>Statistics of drug seizure in Nigeria from 2006 to March 2012</i>	74
Table 3.3: <i>Countries of Deportation of Drug Courier in Nigeria, 2009</i>	81
Table 4.1: <i>Global Flows from Illicit Activities worldwide, years 2000/2001</i>	112
Table 5.1: <i>Core Banking Components</i>	165
Table 6.1: <i>Interdicted Drugs in Nigeria 2002-2011</i>	192
Table 6.2: <i>Prosecution of Drug Traffickers in Nigeria (2000-2011)</i>	194
Table 6.3: <i>Reported seizures, arrests and convictions by 12 West African Countries (2008-2009)</i>	195
Table 6.4: <i>Age distribution of rescued victims in Nigeria in 2012 and 2013</i>	198
Table 6.5: <i>NAPTIP Summary of Convictions from August, 2004 – December 2014</i>	199
Table 6.6: <i>Amount of Currencies Value Recovered by EFCC from January 2003 – March 2013</i>	203
Table 7.1: <i>Years Comparison of Reports and Renditions from the Reporting Entities</i>	209
Table 8.1: <i>Reports and Rendition from Reporting Institution in 2012</i>	237
Table 8.2: <i>NFIU Statutory Reports in 2007</i>	243
Table 8.3: <i>Currencies Declaration Report in Nigeria in 2012</i>	245
Table 8.4: <i>Currencies Declaration Report in Nigeria per Month in 2010-2012</i>	247
Table 8.5: <i>Value of Seizure and Forfeiture in 2012</i>	248
Table 8.6: <i>Disseminated Proactive and Reactive Intelligence Cases of the NFIU 2009-2012</i>	250
Table 8.7: <i>Intelligence Disseminated by the NFIU to EFCC, NAPTIP and NDLEA in 2009 to 2012</i>	251
Table 8.8: <i>Convictions by Agencies/Disseminated Intelligence by the NFIU in 2009 to 2012</i>	252

Table 8.9: Comparison Table of the <i>STRs Filed and Intelligence Disseminated by the NFIU and FIC in 2011-2012</i>	255
Table 8.10: <i>Anti-Money Laundering Cases – Nigerian Nationals Offenders in Ghana</i>	256

## Index of Figures

Figure 2.1: <i>Origins of Trafficked Victims Detected in West and Central Europe, 2005-2006 (%)</i>	34
Figure 2.2: <i>Global Cocaine flows, 2008</i>	37
Figure 2.3: <i>Counterfeit Incidents Detected by the Pharmaceutical Security Institute per Region, 2008 (%)</i>	39
Figure 2.4: <i>Counterfeit Seizures Made at the European Borders by Product Types (Number of Incidents), 2008</i>	40
Figure 3.1: <i>Numbers of Suspected Traffickers in Nigeria from August 2004 - August 2011</i>	63
Figure 3.2: <i>Scheme of Traffic in Persons in Nigeria</i>	65
Figure 3.3: <i>Airlines Used by Couriers Arrested at Murtala Mohammed International Airport, Lagos, Nigeria, 2009</i>	79
Figure 3.4: <i>Destination of Drug Courier arrested at Murtala Mohammed International Airport, Lagos – Nigeria for 2009</i>	80
Figure 3.5: <i>Illicit Supply and Demand Markets of Narcotic Drugs</i>	83
Figure 3.6: <i>Numbers of Active Scam Organisations of Nigeria AFF in the most Affected 10 European States in 2005-2009</i>	89
Figure 3.7: <i>Individual Resident Actors of Nigeria AFF in the 10 most Affected European States in 2005-2009</i>	90
Figure 3.8: <i>Typical First-generation Advance Fee Fraud Lifecycle</i>	92
Figure 3.9: <i>Typical Second-generation Advance Fee Fraud Lifecycle</i>	95
Figure 3.10: <i>Fictitious Online Form on a Scam Webpage</i>	97
Figure 5.1: <i>VAT Concepts</i>	146
Figure 5.2: <i>AML Transaction Validation Model Architecture</i>	160
Figure 8.1: <i>FIU, the Financial Intelligence Reports Intermediary</i>	234
Figure 8.2: <i>Statistics of Suspicious Transaction Report by Reporting Institution in 2012</i>	241
Figure 8.3: <i>Structure of the Nigeria Financial Institutions</i>	242

**Index of Text Boxes**

Box 3.1: The Nigerian Human Trafficking Madam	66
Text Box 3.2: AFF offender's phishing letter	96
Text Box 4.1: Bank of Credit and Commerce International (BCCI): A case study of money laundering scheme	109
Text Box 6.1: The Function of NAPTIP	197
Text Box 7.1: Illicit Act of a Crooked Relationship Officer in Nigeria	223



## Index of Case Studies

Case Study 6.1: Laundering the Profits of Drug Trafficking through High Cash Turnover Businesses	171
Case Study 6.2: Laundering Drug Trafficking Proceeds through Cash Couriers and Front Companies	172
Case Study 6.3: Laundering the Proceeds of Drug Trafficking Through the Misuse of the Trade System and Use of Front Companies	174
Case Study 6.4: Abuse of the Remittance and Trade Systems to Conceal and Launder Proceeds of Drug Trafficking	176
Case Study 6.5: Laundering the Proceeds of Crime through Complex Methods of the Gate Keepers (Lawyers and Chartered Accountants), High Value Currency Accumulation and other Stores of Value	177
Case Study 6.6: Trafficking for sexual exploitation – <i>Hawala</i> system – Nigerian "Madam" – cash courier	179
Case Study 6.7: Trafficking for Sexual Exploitation – Use of Money Remitters and Bank accounts - Investments in real estate	180
Case Study 6.8: Facilitation of Irregular Immigration - Use of Cash-Intensive Businesses	181
Case Study 6.9: Using a Complex Web of Shell Companies, Multiple Jurisdictions, Frontmen and Wire Transfers to Launder Proceeds of Bank Fraud by Old Generation AFF Offenders	185
Case Study 6.10: AFF Identity Theft – Misuse of Financial Institution to Transfer Fraudulent Funds and purchase of Luxurious Goods	186

## Table of Abbreviations

<b>AFF</b>	Advance Fee Fraud
<b>AML</b>	Anti-Money Laundering
<b>ANAN</b>	Association of National Accountants of Nigeria
<b>APG</b>	Asia Pacific Group on Money Laundering
<b>ATM</b>	Automated Cash Machine
<b>BCCI</b>	Bank of Credit and Commerce International
<b>BI</b>	Business Intelligence
<b>BPP</b>	Bureau for Public Procurement
<b>CAC</b>	Nigerian Corporate Affairs Commission
<b>CAR</b>	Central Africa Republic
<b>CAs</b>	competent authorities
<b>CBN</b>	Central Bank of Nigeria
<b>CCB</b>	Code of Conduct Bureau
<b>CDD</b>	Customer Due Diligence
<b>CDRs</b>	Currencies Declaration Reports
<b>CENTIF</b>	National Financial Intelligence Processing Unit, Senegal
<b>CFATF</b>	Caribbean Financial Action Task Force
<b>CIA</b>	US Central Intelligence Agency
<b>CIF</b>	Customer Information File
<b>CIP</b>	Customer Identification Programme
<b>COCCOBIN</b>	The Committee of Chief Compliance Officers of Banks in Nigeria
<b>CTF</b>	Counter-Terrorist Financing
<b>CTRs</b>	Currency Transaction Reports
<b>DNFPs</b>	Designated Non-Financial Businesses and professions
<b>DNFIs</b>	Designated Non- Financial Institutions
<b>DRC</b>	Democratic Republic of Congo
<b>DSS</b>	Department of State Services
<b>EFCC</b>	Economic and Financial Crimes Commission
<b>EOCO</b>	Economic and Organised Crime Office

<b>ESAMLG</b>	Russia; Eastern & Southern Africa Anti-Money Laundering Group
<b>ESW</b>	Egmont Secure Web
<b>EU</b>	European Union
<b>FATF</b>	Financial Action Task Force
<b>FIC</b>	Financial Intelligence Centre
<b>FIRS</b>	Federal Inland Revenue Nigerian Bar Association (NBA) Service
<b>FIs</b>	Financial Institutions
<b>FIU</b>	Financial Intelligence Unit
<b>FIUs</b>	Financial Intelligence Units
<b>FSRBs</b>	FATF Regional-Style Bodies (FSRBs)
<b>FTZ</b>	Free Trade Zones
<b>GAFILAT</b>	Latin America Anti-Money Laundering Group
<b>GAFIUD</b>	South American Anti-Money Laundering Group
<b>GDP</b>	Gross Domestic Product
<b>GFIC</b>	Financial Intelligence Centre, Ghana
<b>GIABA</b>	Inter-Governmental Action Group against Money Laundering in West Africa
<b>GPML</b>	Global Programme against Money Laundering
<b>ICAN</b>	Institute of Chartered Accountants of Nigeria
<b>ICPC</b>	Independent Corrupt Practices and Other Related Offences Commission
<b>ICT</b>	Information and Communication Technology
<b>IEC</b>	Information, Education and Communication
<b>ILO/IPEC</b>	International Labour Organisation/International Programme on the Elimination of Child Labour
<b>IMF</b>	International Monetary Fund
<b>IRs</b>	intelligence reports
<b>ISP</b>	Internet service provider
<b>ISPAC</b>	International Scientific and Professional Advisory Council of the United Nations Criminal Justice Programme
<b>IUU</b>	Illegal, Unreported and Unregulated
<b>KPCS</b>	Kimberly Process Certification Scheme

<b>KYC</b>	Know Your Customer
<b>LEAs</b>	Law Enforcement Agencies
<b>MENFATF</b>	Middle East and North Africa Financial Action Task Force
<b>MLA</b>	Mutual Legal Assistance
<b>MLPA</b>	Money Laundering (Prohibition) Act
<b>MMIA</b>	Murtala Mohammed International Airport
<b>MONEYVAL</b>	Council of Europe Anti-Money Laundering Group
<b>MoU</b>	Memorandum of Understanding
<b>MSBs</b>	Money Service Businesses
<b>MVTS</b>	Value Transfer Services
<b>NAICOM</b>	National Insurance Commission
<b>NAPTIP</b>	The National Agency for Prohibition of Traffic in Persons and other related matters
<b>NBA</b>	Nigerian Bar Association
<b>NBS</b>	National Bureau of Statistics
<b>NCA</b>	National Crime Agency, UK
<b>NCCs</b>	Non-Cooperative Countries or Territories
<b>NCIS</b>	National Criminal intelligence Serves
<b>NCS</b>	Nigerian Customs Service
<b>NDIC</b>	Nigerian Deposit Insurance Commission
<b>NDLA</b>	National Drug Law Enforcement Agency
<b>NFIU</b>	Nigerian Financial Intelligence Unit
<b>NIPC</b>	Nigerian Investment Promotion Commission
<b>NPA</b>	Nigerian Port Authority
<b>NPF</b>	Nigeria Police Force
<b>NSE</b>	Nigeria Stock Exchange
<b>OC</b>	Organised Crime
<b>OC, TOC</b>	Organised and Transnational Organised Crime
<b>OCGs</b>	Organised Crime Groups
<b>OCNS</b>	Organised Crime Notification Scheme
<b>OCTA</b>	Organised Crime Threat Assessment
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OFIs</b>	Other financial institutions

<b>PEPs</b>	Political Exposed Persons
<b>PMIs</b>	Primary Mortgage Institutions
<b>RCT</b>	Rational Choice Theory
<b>RIs</b>	reporting institutions
<b>SALW</b>	Small Arms and Light Weapons
<b>SCUML</b>	Special Control Unit against Money Laundering
<b>SCUML</b>	Special Control Unit against Money Laundering
<b>SEC</b>	Security and Exchange Commission
<b>SIA</b>	Securities Industry Association
<b>SOCA</b>	Serious Organised Crime Agency in the UK
<b>STRs</b>	Suspicious Transaction Reports
<b>TBML</b>	Trade Based Money Laundering
<b>THBs</b>	Trafficking in Human Beings
<b>TOC</b>	Transnational Organised Crime
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNESCO</b>	United Nations Education, Scientific and Cultural Organisation
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>US</b>	United States
<b>VAT</b>	Value, Access and Transaction
<b>WA</b>	West African
<b>WACN</b>	West African Criminal Network
<b>WWF</b>	World Wide Fund for Nature

## Table of Expert Interviews and Quotation Codes

S/N	Quotation Codes	Designation of Experts
1	EFCC Investigator 1	Investigator in Economic and Financial Crime Commission (EFCC)
2	EFCC Investigator 2	Investigator in EFCC
3	EFCC Investigator 3	Investigator in EFCC
4	EFCC Investigator 4	Investigator in EFCC
5	NFIU Analyst 1	Analyst at Nigerian Financial Intelligence Unit (NFIU)
6	NFIU Analyst 2	Analyst at NFIU
7	NFIU Analyst 3	Analyst at NFIU
8	NFIU Analyst 4	Analyst at NFIU
9	NFIU Analyst 5	Analyst at NFIU
10	NFIU Analyst 6	Analyst at NFIU
11	NDLEA Investigator 1	Director at National Drug Law Enforcement Agency (NDLEA)
12	NDLEA Investigator 2	Director at NDLEA
13	NAPTIP Investigator 1	Director at the National Agency for Prohibition of Traffic in Persons and other related matters (NAPTIP)
14	NAPTIP Investigator 2	Director at NAPTIP
15	SCUML Regulator 1	Compliance Regulator at Special Control Unit against Money Laundering
16	SCUML Regulator 2	Compliance Regulator at Special Control Unit against Money Laundering
17	CBN Regulator 1	Central Bank of Nigeria (CBN) Regulator
18	CBN Regulator 2	Central Bank of Nigeria (CBN) Regulator
19	Chief Compliance Officer 1	Member, Committee of Chief Compliance Officers of Banks in Nigeria
20	Chief Compliance Officer 2	Member, Committee of Chief Compliance Officers of Banks in Nigeria
21	GIABA Expert 1	Director in Inter-Governmental Action Group against Money Laundering in West Africa
22	GIABA Expert 2	Director in Inter-Governmental Action Group against Money Laundering in West Africa
23	GIABA Expert 3	Expert in Inter-Governmental Action Group against Money Laundering in West Africa
24	CENTIF Senegal Analyst	Senior Analyst in National Financial Intelligence Processing Unit, Senegal

25	GFIC Analyst	Analyst at Ghana Financial Intelligence Centre
26	UNODC Expert	Technical Assistant at United Nations Office on Drugs and Crime
27	NCA Expert	National Crime Agency (NCA) Expert
28	FIUG Analyst	Analyst at Financial Intelligence Unit, Gambia
29	GP Investigator	Ghana Police Investigator

## Table of Appendices

<b>Appendix A</b>	Sample Interview Questions and Research Instruments	289
<b>Appendix B</b>	The List of General Red Flag indicators of Organised Crime Groups in Nigeria	294
<b>Appendix C</b>	Highest possible punishment available for drug trafficking offences for the different types of drugs trafficked in West Africa	298
<b>Appendix D</b>	Rescued Victims of Human Trafficking in Nigeria 2012 – 2013	299
<b>Appendix E</b>	The List of EFCC Conviction in 2013 and 2014	301
<b>Appendix F</b>	Calculation of Amount of Currencies Value Recovered by EFCC from January 2003 – March 2013	310
<b>Appendix G</b>	Law enforcement, prosecution and other Competent Authorities that collaborate with NIFU in Intelligence Sharing	311



## **Chapter 1**

### **Introduction of the Thesis**

Organised Crime (hereinafter, OC) in Africa, particularly Nigeria began in 1870 when the abolitionist movement against human slavery from the coast of Africa achieved the ban on slave trade and the practice of slavery in European States and the United States of America (Picarelli, 2009). In spite of this ban, the slave trade continued after the 1870s with a record number of human beings being smuggled from their countries of origin to destination countries by African and European criminal networks operating during this era (Picarelli, 2009). Today, the contemporary commodities dealt with by organised crime groups are increasingly 'fashionable'. Initially, services obtained through human exploitation were the norm. Later, narcotics drug became the most popular commodity of organised crime groups. In the 1990s, the commodities of organised crime in Nigeria extended beyond trading in illicit goods and services to trade in 'greed' and the direct theft of identities and financial information of victims using tricks and information and communication technology (ICT) to profit from crime.

Although organised crime trading has developed to a greater extent and its development has associated characteristics and peculiarities that threaten and disrupt global development. Firstly, organised crime development disrupts the global criminal justice system. Secondly, it creates illegitimate financial flows that affect the integrity of financial institutions. Thirdly, it jeopardises legitimate investments when criminal funds are competing with investment opportunities that exist in the global states. Fourthly, it threatens international trade when criminals secure unfair advantage within the global trade system over the legitimate international business traders. Finally, it disrupts the effectiveness and functioning of institutional frameworks responsible for the fight against serious crime within the global jurisdictions.

The purpose of this study therefore, is to explore the phenomenon of organised crime and financial flows associated with it. Furthermore, it will focus on three specific organised crime trades in Nigeria. These are: human trafficking; drug trafficking, and advance fee fraud (hereinafter, AFF). The study will also explore various international instruments and recommendations adopted to curb the proceeds of organised crime in Nigeria.

This chapter sets out the overall framework for this study. It will discuss the central theme of this thesis and examine and provide an elucidated overview of the chapters' structure within the main body of this thesis. It will move up a gear to explore the methodology used before concluding with research ethics for this work.

### **1.1 Central Theme of the Thesis and Contribution to Knowledge**

The study is separated into three inter-related parts. The first part examines the concepts and phenomenon of transnational organised crime in context. This is essential in order to examine the history, characteristics, models and nature of organised crime. Also, it evaluates the impact of major transnational organised crime in Nigeria and the roles and the schemes adopted by the Nigerian organised crime offenders will be highlighted. The second part deliberates on the international regime against money laundering and the conceptual framework that groups organised crime and money laundering together. In achieving this, two models were invented.

The first model adopts the acronym VAT, which mean Value, Access and Transaction and is used to explain the rational choice decision modelling of the Nigerian organised crime offenders when committing crime within global jurisdictions. The second model employs the scientific way of validating the authenticity of transactions under the regime of anti-money laundering, including the transactions of organised crime groups (hereinafter, OCGs). It further considers case studies which help explain how organised crime groups structure and launder the proceeds of crime and further suggests key indicators and 'red flags' that can help competent authorities (hereinafter, CAs) to combat them.

The final part evaluates the impediments which militate against the success of winning the 'war' against organised crime. It is against this backdrop that the study makes policy recommendations towards combating organised crime's financial flows. The final chapter in this part discusses how the lack of data integrity in Nigeria further impedes the collaboration needed for intelligence sharing for the purpose of countering the illicit financial flows of the OCGs and other related serious crime in Nigeria.

Although there appears to be in existence a body of literature that examines organised crime and money laundering, which will be referred to throughout this

work, much of that literature is based upon the general occurrence of organised crime and is limited in scope, i.e. the appreciation of the schemes and true value of organised crime's financial flows within the West African region and Nigeria. The research also differs from existing literature in its ability to evaluate the financial flows from criminal activities such as human trafficking, drug trafficking and advance fee fraud. Moreover, existing literature on organised crime does not address these three specific organised crimes in Nigeria together as an academic package. The fieldwork conducted during this research adds further originality through the consultation of a range of experts whose qualitative views on the occurrence and trends of organised crime and its financial flows in West Africa and Nigeria are presented. It is against this backdrop that a new model to combat organised crime financial flows in Nigeria and globally is presented by the author towards the second part of this thesis.

## **1.2 Thesis Outline**

This thesis begins with an introductory chapter that sets out the structure for this study. The section on research methodology and ethics is followed by Chapter 2, "organised crime: concepts, characteristics and types", which first summarises the literature on organised crime, definitions and characteristics. An evaluation is then made of the contemporary changes that have occurred in the characteristics of organised crime.

Additionally, Chapter 2 examines the types of transnational organised crime in a global context and explores their total estimated illicit market value. Chapter 3 focuses on specific organised crime groups in Nigeria. These include human trafficking, drug trafficking and advance fee fraud cybercrime and their evaluation will highlight the phenomenon of organised crime in Nigeria and contemporary problems which are a direct consequence of organised criminal activity. Also in this chapter, the roles and schemes of Nigerian organised crime actors in the globalisation of crime will be examined.

Chapter 4 discusses the regime against money laundering. It summarises the literature on existing initiatives and instruments which combat the movement of monies and assets which are the proceeds of the crime in West Africa and Nigeria. Next, it discusses the anti-money laundering regime and elucidates the definitions and different stages of money laundering. Following this, there is an examination of the magnitude of the problem of money laundering within the international

communities. The global initiatives in the combat of money laundering are discussed under the United Nations Conventions against Organised Crime and other related serious crime. Additionally, this chapter evaluates the Council of Europe Convention on OC, the European Money Laundering Directive and the Commonwealth Strategies against money laundering. The chapter then concludes with a discussion of the roles played by the global standard setters and specialised institutions in combating money laundering.

Chapter 5 evaluates the conceptual frameworks of this thesis, and is divided into three parts. The first part discusses organised crime using the rational choice theory. It presumes that the lack of legitimate economic opportunities fuel the illicit activities of the Nigerian organised criminal offenders. The second part discusses how to decrease the risks of organised criminal transactions by adopting an anti-money laundering framework to counter them. The third part explores cybernetics, as a means or option that provides a scientific model with the objective of providing a solution which strengthens the effectiveness of the anti-money laundering regimes in West Africa and Nigeria.

Chapter 6 analyses organised crime financial flows in Nigeria. It deploys a case study approach which highlights a number of red flag indicators which competent authorities curbing organised crime in Nigeria and global jurisdictions could look out for. This chapter also explores the role of specialised agencies responsible for the fight against organised crime in Nigeria, particularly in relation to drug trafficking, human trafficking and advance fee fraud (AFF), i.e. the Nigeria version of cybercrime. Chapter 7 evaluates the impediments standing in the way of attempts to curb OCG's illicit financial flows and suggests possible policies.

Chapter 8 discusses the collaboration mechanism that exists in Nigeria using anti-money laundering statutory reporting. The discussion of this chapter investigates the reliability and integrity of data used to counter proceeds of OCGs in Nigeria. The role of the Nigerian Financial Intelligence Unit (NFIU) as the focal agency that coordinates anti-money laundering regime in Nigeria is explored. This chapter also evaluates the collaboration impact of the anti-money laundering data and intelligence reports to combat proceeds of organised crime groups in Nigeria. The chapter concludes by offering some recommendations on how to improve the future efficiency of the Nigerian AML regime.

The final chapter, i.e. Chapter 9 summarises the analyses and findings of the preceding chapters and highlights possible limitations of this study which could potentially create further avenues for future research. It will also provide a final critical examination of the central thesis by way of conclusion.

### **1.3 Methodology**

The research methodology adopted was qualitative analysis. This was applied through the use and analysis of documents and expert interviews. Each of these two approaches will be discussed in turn. The chapter will conclude with the underlying ethical issues of this research. The fieldwork for the research was conducted in the capitals and cities of four countries in the West African (WA) region with its focus on Nigeria. The National Crime Agency of the United Kingdom provided the author with funding to carry out fieldwork exercises in Lagos (Nigeria), Accra (Ghana), Dakar (Senegal) and Banjul (The Gambia). These countries were selected in order to appraise the impact of regional integration on the fight against organised crime and money laundering within the West African region, and Nigeria in particular. In these capitals and cities, local and supranational experts, law enforcement officers, government employees, financial regulators and non-financial regulators were interviewed and relevant data were provided to the researcher during the fieldwork.

#### 1.3.1 Research Objectives and Questions

The research project focused on Nigeria, and aims at following and analysing money trails within Nigeria, and the West Africa region, and to and from the Global North (in the Europe), where the main markets are located for drug trafficking, human trafficking, and AFF. This is the first step towards analysing the instruments (model) to intercept the financial flows of OC that are developed and used in Nigeria itself, the United Kingdom and other European States and agencies, in combating Nigerian organised crime actors.

#### *Research Objectives*

The main aims and objectives of this research include the following:

- To explore the forms, types and criminal business models ('scripts') of transnational crime from the South (Nigeria) to the North (UK & European

States) for three types of transnational organised crime: drug trafficking, advance fee fraud and human trafficking.

- To analyse the international responses to the financial flows of and from organised crime, and the respective institutions and mechanisms.
- To conduct a typological study of the financial flows of these three types of transnational organised crime.
- To assess the effectiveness of institutions and mechanisms in Nigeria, to identify weaknesses and strengths.
- To make policy recommendations as to the improvement of instruments and mechanisms to combat the illicit financial flows of OC in Nigeria and the West African region.

#### *Research Questions*

*Question 1: How are the three types of OC operated in and outside of Nigeria?*

*Question 2: What types of financial flows are linked to the mode of operation of each type of organised crime, and how is the movement of funds organised and executed between North and South, within the region and in Nigeria itself. How are these flows linked, which main actors are involved in different types of financial transactions?*

*Question 3: Which international instruments are currently used in Nigeria to intercept these financial flows and transactions of the Nigerian transnational organised crime?*

*Question 4: What are the challenges militating success of anti-money laundering regime in Nigeria?*

*Question 5: How do different agencies and reporting institutions cooperate in sharing intelligence reports to intercept the financial flows of organised crime groups in Nigeria?*

#### 1.3.2 Documentary Analysis

During this phase, national and international reports on transnational organised crime and money laundering in Nigeria and the West African region were analysed. Documentary analysis was also conducted on documents such as: policy documents, legal documents on anti-money laundering and organised crime, Procedural documents of Agencies and Stakeholders, Treaties and Conventions. These documents were sourced from Institutional Stakeholders and Agencies

responsible for the implementation of anti-money laundering frameworks in the West African region and Nigeria in particular.

The thematic topics which the documentary analysis highlights include the following:

- organised crime conceptualization, characteristics and types;
- organised crime illicit financial flows and business;
- money laundering concepts and stages;
- the basic principles of the anti-money laundering (AML) regime;
- development of national strategies and the establishment of both international and regional co-operation in Nigeria;
- the institutional framework, regulatory framework, the legal framework and the formation and roles of national agencies for the effective implementation of the Nigerian AML regime; and
- the importance of AML data integrity and national initiatives on the fight against money laundering and organised crime.

#### *Types of Documents*

The researcher obtained a number of documents prior to the commencement of the fieldwork, after which, further documents were provided by the supranational institutions during the fieldwork. These Institutions are; Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) and the United Nations Office on Drugs and Crime (UNODC) in Senegal. At the GIABA Secretariat in Senegal, the author was given copies of: the GIABA mutual evaluation reports on anti-money laundering regime for Nigeria, Ghana, Senegal and The Gambia. Mutual evaluation report is the process by which a country is evaluated by a team of experts delegated by standard setters using a standard questionnaire coupled with pre-set list of issues to determine the level of compliance of a particular country with anti-money laundering standards (World Bank & International Monetary Fund (IMF), 2006); the GIABA secretariat's analysis and follow-up of the mutual evaluation report; the international standards on combating money laundering and the financing of terrorism & proliferation of weapons of mass destruction, the Financial Action Task Force (hereinafter, FATF) 40 Recommendations (FATF, 2013); the GIABA annual reports (GIABA, 2011-2013); and 5 typology reports (the typology studies are a compilation of the methods used

by offenders to launder the illicit funds generated from their criminal activities) by GIABA on illicit financial flows in West Africa which were provided to the researcher during the fieldwork in Senegal. Typologies report on the laundering of the proceeds of illicit trafficking in narcotic drugs and psychotropic substances in West Africa as well as on cash transactions and cash couriers in West Africa. GIABA typologies report on tax crimes and money laundering in West Africa, tax fraud and money laundering in West Africa – Human and economic development perspective, and typologies of money laundering through the real estate sector in West Africa. The UNODC office in Senegal also provided the researcher with the following documents: Transnational organised crime in West Africa: A threat assessment (2013); The World Drug Report (2012); and Organised Crime and Instability in Central Africa: A Threat Assessment.

The second group of documents analysed by the researcher were those obtained from the national agencies in Nigeria. The Economic and Financial Crimes Commission (EFCC) provided its special edition magazines, titled “Zero Tolerance to Economic and Financial Crimes” (EFCC, 2013) and statistical record of assets forfeited on interim and final orders from 2003 to 2013. These statistics show records of proceeds of crime forfeited by the offenders to the Commission (EFCC, 2013). Additionally, the values of intercepted cash and currencies by the Commission at the airport from 2003 to 2013 were also provided by the Commission.

The National Agency for Prohibition of Traffic in Persons and other related matters (NAPTIP), provided the researcher with the following statistical evidence: A summary of convictions between 2004 to March, 2013; Statistical information on reported, investigated and convicted cases in 2012; Statistical data on victims between 2005 to 2008; and Annual reports of the agency for 2009/2010 and 2010/2011. Additionally, the National Drug Law Enforcement Agency (NDLEA) provided the researcher with their Annual reports of 2008, 2010 and 2011; the national drug control master plan and a course manual on financial and money laundering investigation compiled for the agency. The Nigerian Financial Intelligence Unit provided their 2013 progress report to the researcher. This progress report contained statistics on statutory reportable transactions of money laundering in Nigeria from 2010 to 2012.

Finally, other documents analysed included: The Progress Report 2011 of the National Financial Intelligence Processing Unit (CENTIF), Senegal; and the



Financial Intelligence Centre (FIC), Ghana provided the researcher with statistics of Nigerian nationals involved in money laundering cases in Ghana as well as a soft copy of a document containing relevant laws on anti-money laundering regime of Ghana.

### 1.3.3 Expert Interviews

Experts from various national agencies and supranational institutions responsible for curbing the threats of organised crime and money laundering in West Africa, and Nigeria in particular were interviewed. The decision to conduct an expert interview was taken because the research interests focuses on the analysis of a specific configuration of knowledge and practical consequences that requires the knowledge of experts (Littig, 2011). Deeke (195:7-8 cited in Flick, 2009: 165) defines an expert as those persons with particular competent authorities in their field of work or in a certain matter of facts.

Therefore, expert interviews are aimed at seeking information from an individual as a result of their specialist knowledge and experiences which result from the actions, responsibilities, obligations of the specific functional status within an organisation/institution" (Littig, 2011). Meuser and Nagel (2005) refer to an expert as a person who is responsible for the development, implementation or control of solutions, strategies and policies. The implementation of control and strategies in this thesis include the national strategies adopted in countries of interest to dry-out the illicit financial flows of organised crime. Thus the researcher submits that an expert is a person who has privileged access to information and knowledge of the implementation of these strategies and frameworks.

### 1.3.4 Expert Interview Sample

A total of 29 experts (26 men and 3 women) from 14 different institutions and organisations were interviewed. All respondents were very experienced within their various areas of expertise. The rankings of the expert respondents were as follows: eleven were of director's level; six were heads of departments or unit heads; four were anti-money laundering financial analysts; two were law-enforcement investigators; and three were anti-money laundering compliance officers. All the respondents had been working in their respective positions for a period of between 5 to 20 years.

The sample selected by the researcher was drawn from the following institutions and agencies: Five representatives of law enforcement agencies, which are: The Economic and Financial Crimes Commission (EFCC), National Drug Law Enforcement Agency (NDLEA), National Agency for the Prohibition of Traffic in Persons and Other Related Matters, (NAPTIP), Ghana Police, and National Crime Agency (NCA) of the UK. Also two representatives from supranational institutes, such as the United Nations Office on Drugs and Crime (UNODC) in Senegal and Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). Third is one representative of the financial regulator, which is the Central Bank of Nigeria (CBN).

Another category is one representative of non-financial system regulator - Special Control Unit against Money Laundering (SCUML). Next, are four representatives of Financial Intelligence Units (FIUs) - Nigerian Financial Intelligence Unit (NFIU), Ghana Financial Intelligence Centre (GFIC), National Financial Intelligence Processing Unit – “CENTIF” of Senegal and Financial Intelligence Unit of The Gambia. The last is one representative of the private sector - The Committee of Chief Compliance Officers of Banks in Nigeria (COCCOBIN).

The researcher's choice of selection of these experts stems from the fact that these national agencies and supranational institutions are amongst the core competent authorities responsible for curbing the threat of organised crime and money laundering in the selected countries of interest and globally.

#### *Access to the Interview Experts*

The researcher gained access to these experts via the following ways. First, an initial approach was made through email and telephone contact. Participants were recruited through emails, telephone appointments and law-enforcement networking in Nigeria, Ghana, Senegal and The Gambia.

It is important to highlight that the researcher has previously worked with various anti-money laundering (AML) experts in Nigeria, having been previously employed by the Nigerian Financial Intelligence Unit of the Economic and Financial Crimes Commission (EFCC) as a Senior AML Compliance Analyst from 2004 to 2011. During this period, the researcher was privileged to interact with various anti-money laundering stakeholders and experts in Nigeria when working in his

previous capacity in Nigeria, and as a result had substantially broad background knowledge in the mechanisms of anti-money laundering regimes.

The EFCC interviews in Nigeria were conducted first, after which the expert respondents in EFCC referred the researcher to their counterpart law-enforcement officers for further interviews. In three cases, the experts at EFCC made telephone calls on behalf of the researcher and secured interviews in other agencies. Next, the National Crime Agency of the UK and Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) in Senegal facilitated the interviews in Ghana, Senegal and The Gambia. Also, in some instances, snowballing or third party or “gatekeeper” recruitment was used. This was done in two ways: (a) The researcher asked the interviewee to recommend another person to whom the researcher’s name and contact to this person and contact details were provided. This individual was then kindly asked to contact the researcher. (b) The researcher then asked the interviewee to seek permission from the recommended person to have their contact details forwarded to the researcher.

#### *Selection of Experts*

The selection of experts was dependent on their core functions and mandates of both national agencies and supranational institutions responsible for curbing organised crime and money laundering in West Africa and Nigeria in particular. The selection procedure for these experts varied from one institutional agency to another depending on the relevance of their knowledge to this study. The selected experts consisted of: nine law enforcement experts, nine financial intelligence analysts, five supranational experts, four regulators, and two compliance officers of banks.

The justification for having a higher numbers of participants consisting of law enforcement officers and financial intelligence analysts was due to the fact that, law enforcement officers are responsible for three generic but associated organised crimes (human trafficking, drug trafficking and cybercrime) in West Africa and Nigeria in particular. Additionally, the selected financial analysts specialised in different types of anti-money laundering roles and compliance analyses of the reporting institution [(the financial institutions (FIs), non-financial institutions and designated non-financial institutions businesses and professions

(DNFBPs)] in West Africa and Nigeria, in particular. As a result of this, the expert opinions and views of these individuals were of huge significance.

### *Anonymity*

The respondents in these expert interviews agreed to participate on condition of anonymity. Each interview was given a code so that the transcription notes could not be linked to the names of the respondent experts. Thus, the respondents of this study cannot be linked to their quotes. The names of the sources are not disclosed but codes are also used to secure their anonymity as agreed in the consent form and participant information sheet (see the attached consent form and participant information sheet in the Appendix A).

### 1.3.5 Interview Schedule

The researcher adopted semi-structured interviews in Nigeria, Ghana, Senegal and The Gambia. In the interview schedule, some of the questions remained the same for certain experts while other experts were asked different questions depending on their expertise. The interview schedule was designed such that where there were inconsistencies between one source and another, additional questions were asked by the researcher.

The theme of the interviews is centred on: new trends and changes in the nature of organised crime; the international, regional and national collaboration in the fight against organised crime and money laundering; the various roles of the agencies in the fight against organised crime and money laundering; the national strategies adopted by agencies to dry-out illicit flows of organised crime; the role of regional standard setters in the fight against organised crime and money laundering; the effectiveness of the anti-money laundering regime in Nigeria; the role of the Financial Intelligence Unit (FIU) in receipt, analysis, and dissemination of intelligence reports on the suspicious transactions and activities of organised crime offenders in Nigeria. Also, the implications of mutual evaluation reports of anti-money laundering regime in West African member states; the technology and software for monitoring the money trail of organised crime offenders; the available feedback mechanism among the actionable agencies on the fight against organised crime and money laundering; and the successes and failure of national strategy on the fight against money laundering and organised crime were all considered relevant to the structure and content of the interviews.

The questions asked were precise, open and provided the experts the opportunity to expand or elaborate in their responses and to discuss freely with the researcher any suggested solutions to address any issues of concern that were raised. The list of some the interview questions are included in the Appendix A of this thesis.

Pilot interviews were not conducted before the fieldwork of study.

The researcher conducted 29 interviews in total in the selected interview sample i.e. Twenty-one in Nigeria, two in Ghana; five in Senegal, and one in The Gambia. It is important to mention that 28 out of the 29 interviews conducted in Nigeria, Ghana, Senegal and the Gambia, were convened in the offices of the respondents and 1 of the interviewed was conducted in a relaxed venue outside the office of one of the experts in Senegal. The length of each interview ranged between one hour to one and a half hours per expert.

The official language of Senegal is French. Thus the researcher had to translate a participant information sheet and the consent form from English to French. This service was provided by the Bilingual Secretary of the Director of Research of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), Senegal. These were translated following a request by the respondent at the National Financial Intelligence Processing Unit – CENTIF of Senegal. The formal interview for this respondent was conducted in the English language two days after the translation in Senegal.

Interview notes were taken by the researcher for all the 29 conducted interviews in Nigeria, Ghana, Senegal and The Gambia.

#### 1.3.6 Data Analysis

The researcher used a general qualitative data analysis methodology suggested by Creswell (2009). Creswell (2009) suggests certain procedures and tasks to be performed in achieving effective data validation accuracy, which are the following: interviews transcription, reading through the data, generating codes and themes, and interpreting the meaning of the codes.

With reference to the interview transcription, all the 29 interviews were manually typed from the interviews notes to convert hand-written notes to a text format using a computer system provided at the University of Leeds.

Next, in reading through the data, upon completion of the interview transcription, the researcher conducted a strategic reading of the manually typed data. This was done to enable the researcher develop an in-depth knowledge of what the data would look like and to provide a general information of the fieldwork data gathered. An interpretation of this data provided the researcher with the platform from which codes and themes for this research were formed.

In generating codes and themes for this research, the researcher highlighted thematic segments of the data following a thorough read through. The researcher also achieved the coding process through segmentation of data using codes and categories (Coffey and Atkinson, 1996). The researcher also labelled segments uniquely with terms to differentiate them from the general data. The coding process of this study was manually generated using markers and post-its. Further classification levels of data were applied in this study based on the similarity of context and different levels of abstraction (Rossman & Rallis cited in Creswell 2009). The categorisations of codes were further classified into themes and sub-codes depending on the level of abstractions and similarity in contexts. The categories with the highest level of abstractions are referred to as the themes of the thesis, while the categories with the lowest level of abstraction (but with similarity in context) are referred to as sub-codes for the purpose of the data analysis process used for this study.

Following the interpretation of the themes and the sub-codes generated for this study, the researcher evaluated the meaning of codes and themes of the experts' interviews with the relevant academic research documentary analysis of the official documents collected from the selected countries during the fieldwork. It is against this backdrop that the researcher compares the results of these interpretations with the research objectives and literature collected during documentary analysis (Creswell 2009).

### 1.3.7 Research Ethics

The main ethical issues of this study are centred on confidentiality and the security of participants and the information that they provide. This issue was addressed by anonymising all data sources and their identities of individuals were not revealed. Data were secured against unauthorised access. Only the researcher had access to the data.

There is no known ethical review procedure in Nigeria. However, the researcher followed the robust and systematic ethical review policy and procedures that exist in the United Kingdom. The same applies to Ghana, Senegal, and the Gambia.

Participants were asked to sign a consent form. They also had the opportunity to: read the information relating to the research; ask the researcher any questions; withdraw from the study at any time; and withdraw their consent for the information to be used after the interview should they wish. The researcher also informed the participants that: all possible measures had been taken to ensure their confidentiality; names and places were anonymised and their responses could not be traced to them in notes, reports of interviews and any other material.

The participants were also asked whether they consent to the researcher using anonymised quotes in the publication of the research; understand the research and the exact nature of their participation; and understood the measures to be used to ensure confidentiality.

The researcher ensured the confidentiality and security of personal data as follows:

- a) All research data was stored under lock and key at the storage facility provided by the University of Leeds School of Law;
- b) Flash-drive and laptop were pass-worded and encrypted;
- c) Addresses were stored separately from any other materials and consent forms;
- d) All addresses were destroyed after the interviews;
- e) Interview sites were anonymised;
- f) All quotes were anonymised.

**Part 1**  
**Transnational Organised Crime Concepts and**  
**Phenomenon**



## Chapter 2

### Organised crime: Concepts, Characteristics and Types

Transnational organised crime is of great concern globally and particularly in Nigeria. In Nigeria perpetrators create illegal economies and move the proceeds of crime from the United Kingdom and European states back home or vice-versa. This chapter explores the conceptual development of the framework for analysing Organised and Transnational Organised Crime (OC, TOC), respectively.

It will look into the definition of the terms and their classification under both social science and institutional. It will then move forward to explore the contemporary definition of the terms. Thereafter, will be focussed on the contemporary changes in the nature of organised crime following from which the characteristics of organised crime will be examined. This chapter will conclude with an investigation of TOC and the specific demand and supply structure of illicit commodities in different illegal markets and the global illicit flow of goods, natural resources, people and the financial assets attached to these flows in the globalisation of crime.

#### 2.1 Defining Organised Crime

The development of organised crime as a theoretical concept has resulted in more than 150 definitions as suggested on the website “Organised Crime Research” by Von Lampe.

Until now, there appears to be no generally accepted definition for the term organised crime (<http://www.organised-crime.de/OCDEF1.htm>, emphasis added).

Edwards and Levi (2008:364) argue that ‘the problem of organised crime is the concept of ‘organised crime’ itself. Official conceptions of this problem have been pre-occupied with asking if ‘it’ has been organised in particular ways that pose external threats to otherwise legitimate political economies.’

This has contributed to the disagreement between official/legal and scholarly concepts of which groups constitute organised crime (Bassiouni, 1990:18). It is against this backdrop that this chapter focuses on both the social sciences and institutional definitions (such as those from the United Nations and European Union) of organised crime.

The development of the definition of organised crime is presented using the research of Von Lampe’s collections on the definitions of organised crime, a compendium of both social sciences and institutional definitions of the term.

### 2.1.1 The Social Sciences Definitions

Longo (2010) argues that 'the search for a theoretical definition of organised crime by social sciences gave rise to different approaches to this topic'. These approaches are: the organisational theory approach; the "patron/client" model; the objectives driven approach and the social network and system theory approach. This is a rough categorisation, which is helpful in identifying the frameworks of these definitions.

#### *Organised Crime as an Organisation*

The first approach uses organisational theory to define organised crime. This approach suggests that "the most primary distinguishing component of organised crime is found within the term itself, mainly, organisation ...Interaction is a key concept here, as an aggregation of individuals performing a criminal act in the presence of one another would not, in itself, constitute an organised act. Organisation, then, is the basic distinguishing element between organised and other types of crime" (Albini, 1971: 35). Albini (1971) thus defines organised crime as any criminal activity involving two or more individuals specialising or not, in certain type of crime; furthermore, it encompasses some form of social structure, leadership, and utilising certain modes of operation, through which the ultimate purpose of the organisation is achieved. Reuter (1983:175) defines organised crime as "organisations that have durability, hierarchy and involvement in a multiplicity of criminal activities".

According to Abadinsky (1994:6) organised crime is a "non-ideological enterprise, involving a number of persons in close social interaction organised on a hierarchical basis, with at least three levels/ranks, for securing profit and power by engaging in illegal and legal activities". This definition postulates that the positions are hierarchically based and functional specialisations are rationally assigned according to skill. Chow, (2003: 473) refers to OC as a "group of persons or entities acting in concert to engage in criminal conduct within an overall organisational structure and under the direction of an individual or group of individuals". Falcone (2005:187) defines the term as "an illegal pattern of activity conducted by a consortium of people and/or organisations, acting in concert, to carry out fraud, theft, extortion, intimidation, and a host of other offences in a syndicated fashion".

For these authors, organised criminal activities constitute a classical organisational model in their mode of operations (Longo, 2010; Abadinsky, 1994). This conceptualisation emphasises the associative dimension as the main characteristic of this kind of illicit activity (Longo, 2010). This implies that organised criminal groups are rather permanent with a well-defined organisational structure, and capable of competing within the external environment in which they operate (Organised Crime Threat Assessment (OCTA), 2009). The organisational characteristics include the degree of: formalisation, hierarchy, differentiation and flexibility of their operations, which thereby differentiates organised crime from other criminal activities committed by single individuals (Longo, 2010).

Therefore the thesis submitted that organised crime derived its definition from the term 'organisational theory', the first model of which the crime was first operated by the organised crime groups of the Mafia syndicates.

#### *Organised Crime as a Patron-Client Model*

The "patron-client" model emphasises the bonds that tie the OC group together. This involves demonstrations of loyalty and trust to each other in the perpetration of serious crime (Mallory, 2007). The patron, who is considered as "the boss" provides aid and protection for the client (the follower in crime), while in return the clients show their appreciation by performing duties that are ordered by the patron (Mallory, 2007). Clients also receive protection, business contracts, and so forth as compensation for their loyalty to the patron (Mallory, 2007).

Scott (1972;1981) suggests that the typical American Mafia Family patrimonial/patron-client network include: The boss (*paterfamilias*) who is the patron of an underboss (*sottocapo*); the counsellor/advisor (*consigliere*) who is the special adviser to the boss; the captains (*capiregime*) who are clients of the boss/patron as well as patrons to their own "clients"; the members or soldiers (*soldati*) who are clients of the captains; and other non-OC affiliated clients of the boss/patron. This model is less centralised and the patron has less control over the clients as compared to the OC group model that is based on classical organisation and bureaucratic structure (Abadinsky, 2007). This provides the advantage of more flexibility to the group when the leader is incapacitated, since a new patron can emerge to control the affairs of the group (Mallory, 2007).

Patron-client relationships are mainly confined to territories (Mallory, 2007). According to Byrne (2007) 'criminal activities within a patron's geographic territory that are not under his "patronage" are referred to as "outlaw" operations'. In such cases, patrons will not intervene to assist "outlaw" criminals who are arrested. They will "outlaw" criminal activities that conflict with those under their patronage by arranging (through the passage of discreet information) police raids and often unleashing violent acts against "outlaw" criminals.

They may also force independent operators to share their criminal activities (pay tribute) to receive "protection" from police raids or being victimised by violence.

The professional criminals not affiliated to the OC group often pay financial tribute to an OC patron as concrete recognition of the patron's power, to show respect in order to secure vital information and assistance from the patron for the successful running of their criminal operations (Byrne 2007).

#### *Organised Crime as Defined by its Objectives*

This approach moves away from the analysis of the structure of the group to the analysis of the objectives of organised crime. The following (Briggs, 2010; Longo, 2010; Hess, 2009; Andersen and Taylor, 2007; Desroches, 2007; Beirne and Meserschmidt, 2006; Zaluar, 2001; Fijnaut et al., 1998; Bossard, 1990; Block, 1983) have identified the objectives of organised crime as: the provision of illegal goods and services to others; acquiring power in the territory where they operate; continuity and expansion of the criminal organisation; maximising illicit profits, and proceeds from crime. OC is seen as an "organisation", "that has been rationally designed to maximise profits by performing illegal services and providing forbidden products demanded by the members of the broader society in which they live" (Cressey, 1969: 72).

Ponsaers et al. (2008: 647) posit that OC is "where two or more people systematically offer services or manufactured goods in a manner or benefit in activity which is prohibited by the criminal law of the nation state where at least part of that activity occurs. In terms of the informal economy, these services may be an intrinsic part of the informal economic activity (for example, selling drugs, selling counterfeit goods, running a brothel or paying bribes to politicians), or they may be ancillary services, which are not in their nature illegal (informal banking, providing taxis for prostitutes, etc.)".

Paoli (2002) argues that the objective of the mafia type OC group is not exclusively engaging in the supply of illegal commodities and services. Moreover, “these groups pre-existed the formation and expansion of modern illegal markets” (Paoli 2001:63). They actively contribute to non-economic roles such as protection from threats by others and themselves (protection rackets), or supply of votes in elections, among others (Paoli, 2001 cited in Longo, 2010). Finckenauer (2005) also argues that the objectives of the mafia’s OC include participation in the legitimate economy by assumed quasi-governmental roles. This implies that mafia OC group in this position may act as a kind of legitimate authority.

### *Organised Crime as Social Networks and Systems*

Social network and systems theory focus on the relevance of relationships that link people in the OC structure, thus the networks, its objectives and relationship are defined as a ‘social system’ (Mcillwain 1999:303).

Organised crime is thus seen as a social system that is “composed of relationships binding professional criminals, politicians, law enforcers, and various entrepreneurs” (Block, 1983:vii). The organised criminal, by definition, occupies a position in a social system (Cressey, 1969:72). Other definitions focus on the flow of action in these networks.

Wodiwiss and Beare (2003:4) define organised crime as systematic illegal activity for power or profit. Beirne and Meserschmidt, (2006:160) define organised crime as “syndicates - associations of individuals such as business people, police, politicians, and criminals - formed to conduct specific illegal enterprises for the purpose of making profit”.

Conklin (2007:315) defines organised crime “as syndicated crime, the violation of the law on a large-scale basis by on-going, tightly structured groups devoted to the pursuit of profit through criminal means”. It is important to note that syndicates comprise of groups of individuals who are not directly involved in the criminal activity.

Bruno (1993:70) has suggested that the term OC should be substituted with the term criminal system. In doing this, Scarpinato (1996 cited in Longo, 2010: 4) defines OC as a “complex system, made up of connections of criminal power sub-systems, able to elaborate long-term global strategies and to react to the changes in the external environment”. Organised crime is committed by criminal

organisations whose existence has continuity over time and across different criminal activities, and they use systematic violence and corruption to facilitate their criminal activities.

It is against this backdrop of complex activities, structures and objectives of OC groups that Finckenauer (2005:81-82) argues for a broader definition of organised crime. His definition is not limited to the provision of illegal goods and services to others in the broader society. Rather, he argues that OC groups are made of sophisticated networks with structural nodes and of a certain size. These characteristics enhance the continuity of the criminal networks in the globalisation of crime.

### 2.1.2 The Institutional Definition

Institutional definitions of organised crime are definitions that arise as a result of the need to develop national and international instruments to curb the local and global threats constituted by internal and cross-border activities of organised crime groups. The United Nations and European Union are pioneers of these definitions.

In 1975, the United Nations declared that "Organised crime is understood to be the large-scale and complex criminal activity carried out by groups of persons, however loosely or tightly organised, for the enrichment of those participating and at the expense of the community and its members. It is frequently accomplished through ruthless disregard of any law, including offences against the person, and frequently in connection with political corruption" (United Nations 1975:8). Thereafter, in 1990, it was added by UN, that the operations of OC often involve offences against the person, including threats, intimidation and physical violence (United Nations 1990, 5).

In order to find a suitable definition for an organised crime group, the UN Convention Against Transnational Organised Crime in 2000 defined it "as a structured group of three or more persons existing for a period of time and acting in concert with the aim of committing one or more serious crime(s) or offence(s) established in accordance with this Convention, in order to obtain directly or indirectly, a financial or other material benefit" (Article 2 (a) of the UN Convention).

This was followed in 2002 by the Council of Europe, which defined OC as any “illegal activities carried out by structured groups of three or more persons existing for a prolonged period of time and having the aim of committing serious crimes through concerted action by using intimidation, violence, corruption or other means in order to obtain, directly or indirectly, a financial or other material benefit” (Council of Europe, 2002: 6). Interpol suggests that OC is any group “having a corporate structure whose primary objective is to obtain money through illegal activities, often surviving on fear and corruption” (Interpol cited in Bresler 1993:319).

### 2.1.3 Common Ground and Critique of Definitions of Organised Crime

Most definitions include the following: use of extreme violence; corruption of public officials, including law enforcement and judicial officers; penetration of legitimate economy (e.g. through money laundering); and interference in the political process (Van Dijk, 2008:146; Levi, 2002; Kenney & Finckenhauer, 1995). Levi (2002) suggests that these elements are used as operational definitions by Interpol and others law-enforcement agencies (cited in Van Dijk, 2008:146) and also incorporated in national anti-mafia laws such as the United States and Italy (Fijnat & Paoli, 2004 cited in Van Dijk, 2008).

The social science definitions have the following consensus: that OC is an organisation or network of criminal associates that venture into illicit and/or licit activities in the territories where they operate. The illicit activities include the provisions of illegal goods and services, and the protection and securing the continuity of their organisation through corruption and threats of violence. In ensuring their existence and securing the criminal networks, they also provide votes in elections for politicians in the territories where they operate. The symbiotic relationship between the OC groups and state actors is the guarantee of risk reduction in the perpetration of the OC crime. In some instances, the OC groups are permitted to maintain “political power”. Longo (2010) argues that in Italy, Turkey and China, OC groups control specific territories in these countries.

The two leading institutions (the United Nations and the European Union) use both the structure and the activities of the OC group to describe organised crime. The common ground between the institutional definitions and social science definitions

is that both use the structure, the objective and the activities of the OC group in conceptualising organised crime.

Critics argue that organised crime is itself a concept whose definition has always been problematic (Levi, 2008). Longo (2010) posits that 'organised crime is a very complex phenomenon: it affects the social, economic, political and cultural sphere and the attempts to conceptualise it gave rise to a very controversial debate'. The definition of organised crime poses series of problems for criminology (Van Dijk, 2008:147). Furthermore, the term organised crime is faced with several problems of conceptualisation (Edwards and Levi, 2008). Levi (2007) in particular recognises the effects of the impact and magnitude of the crime, and the overlap between a range of different offences.

## **2.2 Contemporary Changes and Characteristics of Organised Crime**

This section will consider the major changes and characteristics of contemporary organised crime. It will explore the emergence of new structures, specialisation, the international dimension of organised crime, the use of violence, the use of corruption, counter-measures in the commission of the crime, and the use of legitimate business in the perpetration of organised crime.

In order to understand the characteristics of contemporary organised crime, there are key thematic questions that need to be addressed. These are: What are the tasks of organised crime? How do these tasks result in certain characteristics? Are the tasks driven by cross-border activities and international collaboration of the criminal groups?

### **2.2.1 Transnational Dimension**

Globalisation and technological changes coupled with fast movements of people, goods, and information has encouraged the OC networks to internationalise their operations throughout the globe (Bjelopera and Finklea, 2012).

According to Karstedt (2012a: 344), "global interconnectedness exposes people, criminal justice systems, and governments to crime problems and pressures. The global illicit economy links illegal production with illegal markets, and organised crime groups in the global North and global South". It is no doubt that illicit flow of goods and services of demand markets are situated in the global North. "The world's biggest trading partners, the G8, are also the world's biggest markets for



illicit goods and services and most illicit flows (income from crime) emanate from major economic powers” (Karsdet, 2012:344). Consequently, the offenders in the global South channel the supplies of their illicit goods and services to the rich countries located in the global North where they generate more value as income from crime as compared to the proceeds of crime in the global South.

Globalisation of crime requires the collaboration of foreign partners at both destination and countries of origin. Transnational OC groups are defined by the collaboration between non-indigenous (not having nationality, origin or ethnicity of a country where the OC operates) groups or between an indigenous (having nationality, origin or ethnicity of a country where the OC operates) and non-indigenous group, or an international operation carried out directly by an OC group [Organised Crime Assessment Report (OCTA), 2006].

The transnational dimension of the crime is of great concern to the international community (OCTA, 2011). In addition, it has contributed to the creation of an illicit global economic order by OC groups (Grogger & Sonstelie, 1996). For instance, lack of social-economic opportunities in some of the developing countries in the global South including Nigeria, prevents citizens there from contributing to the legitimate economy. Therefore, many offenders in the global South tend to benefit from the crime opportunities available in the global North in Europe and United States (US). Offenders of crime are located in one country, targets in others, and yet the proceeds of the crime are collected in an entirely different jurisdiction (Zook, 2007; Ultrascan 2010).

Globalisation offers new opportunities and shifts markets and routes to other countries. When the illicit drug market in the United States (US) became less profitable, due to extensive law-enforcement efforts that clamped-down on the operations of the OC groups within the US market (Paoli, 2003:11), the OC groups in the region shifted their operation to the EU markets with the use of transit countries such as Nigeria (UNODC, 2010). It is submitted that today, OC activities constitute a major threat to European states (OCTA, 2011; UNODC, 2010).

### 2.2.2 Structure and Networks

A major change that has been observed is the change from hierarchically structured criminal groups and characteristics of a Mafia type organisation towards

loosely organised criminal groups that commit serious transnational crime in illicit markets (Paoli, 2007; Van Dijk, 2008).

In 2001, the European Commission suggested that traditional hierarchical structures were being replaced by loose networks of criminals (UNODC, 2010). The United Nations High-Level Panel 2004 also postulated that organised crime is increasingly operating through fluid networks rather than more formal hierarchies (UNODC, 2010). The fluid networks are decentralised and more flexible, which includes the operation of intermediaries that operate across many borders and provide different services to many OC groups for a fee on a temporary basis (Naím, 2005).

The EU Organised Crime Threat Assessment (2013) also argued that organised crime is becoming increasingly diverse and dynamically organised in structural terms, evolving towards loose networks. The most notable state of change of organised crime in the world is that of the notorious and powerful Cali and Medellin groups of Colombia that are now restructured and being supervised by more flexible and sophisticated cocaine trafficking organisations (Van Dijk, 2008). The current pattern appears to show that the structures of OC groups in the world are now changing.

Initially OC structures were based on organisations, and then moved on to criminal networks, and finally to the individual 'organised criminal' (OCTA, 2006). Many studies have suggested very flexible and fluid patterns of associations amongst criminal actors (UNODC, 2010; OCTA, 2006:12). Morselli (2009:71) suggests that networked structures prevent and protect TOC perpetrators from being investigated and prosecuted by law-enforcement agencies. Law-enforcement efforts against OC groups such as Colombian drug-trafficking organisations with hierarchical models may have contributed to the adaptation of networks (Decker & Chapman, 2008:34-36). Subsequently, many OC groups seem to have moved away from the complex hierarchical organisational structure to a more decentralised and flexible network.

Notwithstanding this evolution, the traditional structure of organised crime involving hierarchies, behavioural codes and initiations rituals like that of Cosa Nostra still exist (Paoli, 2001; Bjelopera and Finklea, 2012). In Italy, Russia, and Mexico, the Mafia-type organised groups still exist (Fijnaut & Paoli, 2004;

Gonzalez-Ruiz, 2001). In Bulgaria and Albania, in Eastern Europe, the existing criminal groups operate their criminal networks in certain areas of the country (Bezlov, 2005 cited in Van Dijk, 2008:147). “The human trafficking cartel in mainland China is also controlled by medium-sized locally active groups, which do not qualify to be classified under the traditional concept of the highly organised group” (Zhang & Chin, 2001 cited in Van Dijk, 2008:148).

In Nigeria, women perpetrators (Siegel and de Blank, 2010), mainly from Edo State in the country, also dominate human trafficking for the purpose of commercial sex exploitation in Europe (UNODC, 2005). These are pioneer individuals who exclude outsiders from the trade and keep the schemes of trafficking among their informal networks of kin and associates (UNODC, 2005). Organised crime in Nigeria is highly flexible and consists of ad hoc project teams who just join for their operations on a one-off basis (Van Dijk, 2008:148; UNODC, 2005; Shaw, 2002).

Fundamental to the success of the Nigerian drug trafficking actors is their highly flexible mode of operation. Whereby criminal actors are constantly forming and reforming their business relationships from among a wide pool of acquaintances (Ellis, 2009:185). These days, “OC actors with common objectives no longer operate in isolation, and this creates a powerful convergence of criminal intentions and resources” (OCTA, 2007: 9). For instance, the potential of OC actors in the EU is highly influenced by its connections with external perpetrators (OCTA, 2006; UNODC, 2002). Major Dutch OC actors had long had connection with non-EU offenders from Liberia, Nigeria and Sierra Leone (Ellis, 2009:191).

OCTA (2007:9-10) suggests four types of the contemporary OC groups, which include the following: oriented clusters, cell-like criminal groups, intermediary groups, and loose networks.

Oriented clusters are defined as an association of different organised crime groups with a common governing centre or overseeing body, which has great diversity and flexibility in its operations (UNODC, 2002). These OC group structures are led or, at least, coordinated by a common centre, which is the strongest OC group in the clusters (OCTA, 2007). This combines the strengths of both hierarchies and networks, in order to achieve a high level of effectiveness, diversification and specialisation of operations (OCTA, 2007). UNODC (2002) argues that “the degree of autonomy of each of the criminal groups that make up of the oriented cluster

OC group is relatively high'. The leaders of the dominant groups mostly determine the strategic objectives and policies of their activities (OCTA, 2007).

Cell-like criminal groups are defined as criminal networks that operate in multiple jurisdictions and act as 'cell components' of the criminal networks. The 'cell components' are the networks of offenders that form the transnational criminal group (OCTA, 2010).

For instance, non-EU cell-like criminal group such as Lebanese smugglers, Soviet criminals, Nigerian and South American drug-traffickers are among the external actors in EU drug markets (UNODC, 2005: 48). These groups carry out a major part of their criminal activities within the EU, whilst their leadership is located outside in their countries of origin (OCTA, 2006).

Intermediary offenders are 'networks of intermediaries that operate across many borders and provide different services. Some are permanently linked and others vary in their composition, activities, and geographical scope depending on markets and circumstances' (Naím, 2005:219-220). These are small criminal networks with their own separate identity and autonomy. They mostly facilitate the operations of OC groups based on agreed upon fees. In Nigeria, in some cases, the couriers are 'holiday makers' or 'international students', who are frequently recruited by Nigerian drug dealers, who usually carry small parcels of drugs in return for cash payment upon delivery in the European drug market (National Drug Law Enforcement Agency (NDLEA), 2009).

The loose networks structure is a type that is very common in West Africa and Nigeria in particular (UNODC, 2005). Shaw (2002) refers to these networks as "disorganised organised crime", because they operate with low profile and consist of ad-hoc offenders. For instance, the Nigerian drug actors constantly build their networks and their business relationships from among a wide pool of acquaintances in a form of ad-hoc project teams (Ellis, 2009:185). The members keep a very low profile in order to shield the networks from law-enforcement agencies (UNODC, 2005, OCTA, 2007). Law-enforcement agencies are unlikely to identify the illegal activities of such a group because of the loose or often temporary alliances or associations, which are tied to specific 'projects' (UNODC, 2002). In these cases 'individuals or small groups of people are best described as nodal points in a larger web of criminal activity' (UNODC, 2002).

### 2.2.3 Specialisation

Specialisation is a fundamental characteristic of the structure of OC groups (OCTA, 2009). This implies specialist functions in order to improve their activities, increase offenders' professionalism and decrease the chances of detection, prosecution and conviction by law-enforcement agencies (OCTA, 2006:13). The globalisation of crime requires actors with different skill-sets for the expansion of criminal networks and running successful money laundering schemes. The special skills of the actors may include, for example, finance, accountancy, information technology (Edwards and Levi, 2008), or those with access to particular goods and service, such as firearms or false passports, and those willing to carry out specific tasks, such as violence or debt collecting (OCTA, 2006). OCTA (2006) further identifies two categories: firstly, OC groups that on a one-off basis or periodically in return for cash payments engage low-level actors; and secondly, professional criminals who provide their services on a continuous basis.

Drug-trafficking in and through Nigeria is an example of OC group specialisation in the globalisation of crime. One example is that:

Drug dealers from the source country where the drug is cultivated, sell and agree to conceal the drugs for onward delivery via exportation to the transit country (Nigeria). The clearing agent in the Nigerian seaport cooperates with the OC group for the clearing of the illicit product at the port of entry, without its declaration. The Nigerian-based drug dealers take over the imported drugs from the source country from his foreign partners via the clearing agent at the seaport. The so-called middlemen or "striker" (Ellis, 2009) organises all logistics for the smuggling of the drugs to the consuming countries in Europe and the US. These logistics include the recruitment of the drug couriers who agree to traffic the drugs from Nigeria to various destinations of the illicit drug markets for a fixed fee on a one-off basis. European and American-based couriers in the consuming countries where the drug is trafficked to, are connected to the local drug distribution chain in Europe and America. They are also involved in the illegal transfer of funds to Nigeria from consuming countries after the sales of drugs are completed (NDLEA, 2009:20).

### 2.2.4 Use of Legitimate Business Structures

Edwards and Levi (2008) note that organised crime groups always establish legitimate businesses as "fronts" or as vehicles for illicit activities. The OC groups use legitimate business to achieve their objectives in three major ways (OCTA,

2007): to facilitate criminal activities; to launder money and to reinvest the proceeds of crime.

The OC actors set up and run legitimate businesses, such as import and transport businesses. This type of legal activity has a direct connection with the type of crime and the operational activities of the OC group (OCTA, 2006). Thus, illicit commodities are concealed in imported goods for shipment to the port of entry. For example in Nigeria in 2011, in an on-going investigation by the Nigerian drug police {National Drug Law Enforcement Agency (NDLEA)} a large quantity of high-grade cocaine was seized at the Tin Can Island Port, Lagos, Nigeria. The drug was packed in 150 square parcels inside 38 cartons of floor tiles that originated from Bolivia. The legal import business of the OC group concealed the illicit commodity in legal goods. The total weight of the narcotics drug was 167kg with an estimated street value of \$10.6 million dollars (N1.6 billion naira). The OC group then colluded with a clearing agent in the Nigerian port for the clearance of the floor tiles. This was a professional clearing agent licensed by The Nigerian Port Authority (NPA) to operate in Nigerian ports. The clearing agent has to declare any illegal content found in consignments from other countries. However, probably as a result of corruption and collusion, the agent did not disclose the illicit content of this consignment and the container was cleared from the Nigeria seaport. When the illicit drugs were intercepted, the NDLEA also arrested the colluding clearing agent alongside the OC actors (NDLEA, 2011).

If these narcotics drug consignment had not been intercepted and seized by the Nigerian authorities, the OC group would likely have trafficked the drug to the illicit markets in Europe (NDLEA, 2011). This would have been followed by re-investing the proceeds from the sales of the drugs destined for the European market back into the importation of valuables and assets from the destination country. Such legal enterprises are typically cars exporting businesses to Nigeria, which are run by Nigerians in the destination country. Others are holiday resorts and real estate for commercial purposes. The drug actors can also reinvest the proceeds of their crime into the expansion of their 'front' businesses. This will give the OC group a competitive advantage over the genuine business group in the global economy, as the OC group would then be capable of selling legitimate products below the market value in the quest to integrate the illicit proceeds back into the legitimate economy. 'This re-investment of illegally acquired assets in the legitimate economy forces criminal groups to engage in financial operations that can help to

hide the illicit origins of funds (money-laundering schemes)' (Van Dijk, 2008:161). The OC group can then engage the services of professionals, such as lawyers, financial advisors, real estate agents, property developers, accountants and tax consultants in order to channel the proceeds into the legal economy.

#### 2.2.5 Counter-measures

In order to avoid detection, prosecution and confiscation of illicit assets, OC actors have developed a variety of counter-measures. These include the use of violence, intimidation and corruption (Edwards and Levi, 2008:371; OCTA, 2006:16).

OC crime groups use violence and intimidation to enforce collaboration and secrecy, and they try to influence group members and witnesses by intimidation and corruption. They stimulate the cooperation and protection of law enforcement personnel, politicians and professionals through bribes.

Furthermore, they choose countries, environments, as well as institutions for their transactions, where such transactions can be sufficiently covered and shielded. For instance in Nigeria, identification of criminal networks is difficult. Criminal groups use pseudo-names for front men, complex networks of companies and traditional languages and idioms for communication during their operations to prevent communication interception of the LEAs (OCTA, 2006). They may use legal alternatives and exploit differences between national jurisdictions and problems of transnational cooperation of law enforcement. OC group use particular counter strategies. Two strategies are most important and they are seen as correlates of organised crime (Van Dijk, 2008): violence and corruption.

#### 2.2.6 Violence

Violence or the threat of the use of violence is a typical strategy used by a number of organised crime activities (Kelly, Chin and Schatzberg, 1994:28). Racketeering is related to violence while transnational cybercrime does not require violence or threat to exploit their victims (Blanco Hache and Ryder, 2011). Traffickers use sexual violence to intimidate their victims and their families, in the country of origin as well as in the destination country. Such "coercive control" of women and girls is the strategy adopted by the traffickers of human beings, not physical injury but rather gender-based subjugation (Stark, 2000).

Furthermore, violence is frequently used to create 'order' within OC groups as well as in competition with opposing groups (OCTA, 2006). "Organised crime usually

generates violence because it has no way of resolving disputes except by mutual consent or settling of scores” (Gonzalez-Ruiz, 2001). Coercion and violence are necessary if conflicts over territories or markets cannot be settled peacefully (Kelly, Chin and Schatzberg, 1994:28). As the business of OC groups is illegal they cannot seek redress from the legal system, and use the non-violent coercive forces of judicial order, injunction, judgments and sentence for dispute management when the need arises. Consequently, they use force to resolve disputes within the daily running of their operations (Kelly, Chin and Schatzberg, 1994:29). According to Abadinsky (2010:4), violence “is a readily available and a routinely accepted resource” used by the OC group to secure their illegal dealings and to pursue the goals of their organisation.

### 2.2.7 Corruption

In order to protect the illegal businesses of the criminal organisation, the OC groups seek the collaboration and collusion of the police, prosecutors, and judges (Maltz, 1994). Edwards and Levi (2008:371) suggest that corruption implies ‘misusing entrusted power for private gain in lowering the risks of commissioning serious crimes and/or as criminal activity in itself for financial gain’. There is no difference between public (corruption of public servants, i.e. law enforcement officers and political post holders) and private (bankers, lawyers, accountants and other private sector employees) corrupt offenders, as both use their positions of authority to exchange their illegal services for OC groups for favours and money (Kelly, Chin and Schatzberg, 1994:27).

Corruption of non-governmental professionals is important to protect the OC activities from being exposed. This is particularly applicable to financial transactions, where mostly non-governmental actors are involved. Bank officials may shield the proceeds of OC groups by failing to report suspicious transactions of high-risk customers, as required by law. Airport staff may assist in the passage of trafficked victims without authentic travel documents. Lawyers and accountants facilitate investment opportunities for OC groups in order to legitimise the proceeds of crime in the society where they live. Customs officers at seaports collude with the criminal actors by facilitating the clearance of their illicit commodities at the ports of entry. Bribes and corruption create strong links and obligations and bind these groups into the criminal network.



Corruption of police and the criminal justice system in many ways ensures the continuity of organised crime 'businesses' in many countries. For instance, in the UK, the Home Office affirmed the existence of corrupt behaviour of police officers in UK and Wales (Miller, 2003:7). The study revealed that in 2000, 52 police officers were involved in extensive corruption with criminal groups, such as disclosure of information for reward, inappropriate association with criminal groups, obtaining sexual favours by exploitation and the use of their position to obtain favours and payment (Miller, 2003).

### **2.3 Transnational Organised Crime**

This section will explore the major types of transnational organised crime around the world and the interaction of demand and supply markets. It will further investigate the estimated market value for the illicit commodities on a global context.

There is no doubt that the "recent changes in the global economy and in international political alignments have greatly benefited the criminal underworld" (Viano, Magalanes and Bridel, 2003:3). The evolution of global interdependence and interconnectedness through flows of goods, people, and communication has led to the production and enhancement of transnational organised crime (Karstedt, 2012a: 343; Sassen, 2007: 5). "Money, goods and people have circulated with a rapidity and facility that were once unthinkable.... Whether in the developed or developing world, the scope of action of criminal organisations and their range of capabilities are undergoing a profound change" (Violante, 2000:X). Transnational organised crime was seen as overtaking growth in the legal global economy (Karstedt, 2012a: 342). It is against this backdrop that this chapter explores the most common of transnational crimes. For each of these their characteristics will be included: the countries of origin, destination and transit, estimates of illicit flows of good, services and financing (UNODC, 2010). The following types of transnational organised crime will be included: first, trafficking of human beings; second, all types of trafficking in illicit goods like drugs, counterfeit products and illicit trafficking in human organs; third, all types of illicit trading of goods, such as environmental resources (timber, wildlife and fish; minerals, such as gold and diamonds), cultural resources and arms; finally, cybercrime.

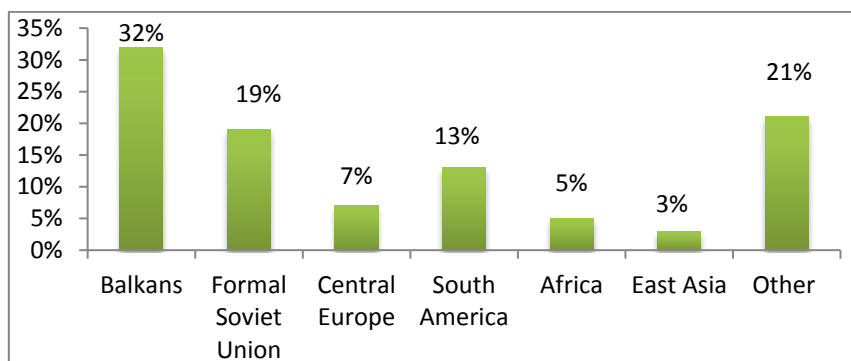
### 2.3.1 Human Trafficking and Smuggling

The United Nations (UN) Palermo Protocol defines trafficking as “the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs” (UN Protocol Article 3a of 2000). Futter (2006) accordingly defines trafficking in persons as the transfer of persons by fraudulent means for the purpose of exploitation.

It is estimated that more than 2.4 million people are being illegally trafficked at any given time (UNODC, 2011). This figure includes, around 10,000 to 15,000 children that are trafficked from West Africa to work on the cocoa plantations in Côte d'Ivoire (Zavis, 2001).

Migrant smuggling, on the other hand, is the “act of gaining illegal entry of a person into a state, of which the person is not a national or permanent resident, for financial or other material benefit” (UN Protocol Article 3, 2000: 2). About 30 million undocumented migrants are estimated globally (Graycar, 1999).

Figure 2.1: **Origins of Trafficked Victims Detected in West and Central Europe, 2005-2006 (%)**



Source: UNODC-UN.GIFT data (2010); own illustration

Even if smuggling is set apart from trafficking, it also involves huge dangers for the immigrants, extortionate payments and subsequent debts to the smugglers, as well as types of forced and bonded labour in the destination countries.

In 2010, victims of human trafficking from 127 countries were detected globally (UNODC, 2010). It is also estimated that two-thirds of the victims reported were women, and 79 percent of the victims were subject to sexual exploitation (UNODC, 2010). The European Union has the most reliable data on human trafficking victims for the purpose of commercial sexual exploitation. Figure 2.1 shows the country of origin: 51 percent of victims of human trafficking detected in Europe in 2005-2006 were from the Balkans or former Soviet Union, mostly from Romania, Bulgaria, Ukraine, the Russian Federation and the Republic of Moldova. This is attributed to the general immigration from Eastern to Western Europe after the Cold War (UNODC, 2010).

Table 2.1: ***Top 10 most frequently Cited Countries of Origin, Transit, and Destination of Trafficked Persons (2002)***

Ranking	Main Countries of Origin	Main Transit Countries	Main Destination Countries
1	Russian Federation	Albania	Belgium
2	Ukraine	Bulgaria	Germany
3	Thailand	Hungary	Greece
4	Nigeria	Poland	Italy
5	Republic of Moldova	Italy	The Netherlands
6	Romania	Thailand	Israel
7	Albania		Turkey
8	China		Japan
9	Belarus		Thailand
10	Bulgaria		United States

Sources: Van Dijk, (2008:171)

However, by 2006 to 2007 Nigerians ranked first in the Netherlands as the most frequently detected foreign victims of trafficking in persons in that country (UNODC,

2010:51). The EU Organised Crime Threat Assessment Report (OCTA, 2009:21) suggests that Nigerians were the second most active OC groups involved in trafficking human beings into European states in 2009.

The flow of trafficked persons is difficult to estimate (Haken, 2011: 8). However, the most commonly listed countries of origin of individuals trafficked to European countries include the Russian Federation, Ukraine, Republic of Moldova, Thailand, Nigeria, Romania, Brazil, Colombia, Mexico, Albania, China, Belarus, Bulgaria, Morocco, Myanmar, and Vietnam (Van Dijk, 2008; UNODC, 2010: 17). The flows between countries like the UAE and African or Asian countries are hardly known.

Table 2.1 shows the main destinations of victims of human trafficking. These were mainly the developed countries in the global North, and the first five destination countries were Belgium, Germany, Greece, Italy and the Netherlands, mainly Western European countries (Van Dijk, 2008:171). However, no systematic pattern can be detected. Presumably, the OC groups involved in human trafficking and smuggling of persons have established specific routes, and have conquered specific markets, where they have established collaborative ties with other OC groups.

### 2.3.2 Trafficking in Illicit Goods

The second category of transnational organised crime considered in this section is trading in illicit goods, which is further categorised into three main types: drug trafficking, counterfeit products and illicit trafficking in human organs.

#### *Drug Trafficking*

The World Drug Report estimated that, in 2009, between 149 and 272 million people, of the population aged 15-64, used illicit substances at least once in the previous year, (UNODC, 2011). Around half of these are estimated to have been users of drugs during the assessment period. The number of problem drug users was estimated between 25 to 39 million and almost 200,000 of them die annually as a consequence of drug use (UNODC, 2011).

Table 2.2: **Annual Prevalence of Drug Use at the Global Level, by Illicit Drug Category, 2009-2010**

Illicit drug category	Percentage (%) of population between age 15-64
Cannabis	2.8 to 4.5
Amphetamines	0.3 to 1.3
Ecstasy-group	0.2 to 0.6
Cocaine	0.3 to 0.5
Opioids	0.5 to 0.8
Of which opiates	0.3 to 0.3

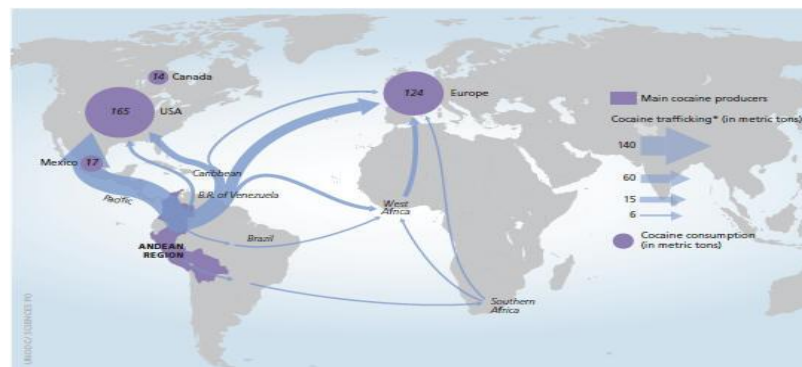
Source: UNODC, 2011

Table 2.2 shows the prevalence of drug use globally. Cannabis was the most widely used illicit drug, which accounted for around 125 to 203 million consumers and an annual prevalence rate of 2.8 percent to 4.5 percent in 2009.

ATS (amphetamine-type stimulants; mainly methamphetamine, amphetamine and ecstasy), opioids (including opium, heroin and prescription opioids) and cocaine followed respectively in terms of the annual prevalence of the global illicit drug consumption for 2009.

Drug trafficking involves the cultivation, manufacturing, distribution and sale of narcotic substances which are subject to drug prohibition laws (UNODC, 2010). Drug trafficking is presumably the largest transnational organised crime and one of the most lucrative ‘businesses’ worldwide with a high level of profits for OC groups.

Figure 2.2: **Global Cocaine flows, 2008**



Source: UNODC World Drug Report 2010

In 2007 and 2008, an estimated 16 to 17 million people used cocaine worldwide (UNODC, 2010). America accounted for more than 40 percent of the global cocaine consumption, equivalent to 470 tons within that period. The 27 European Union and 4 European Free Trade Association countries consumed an estimated quarter of the total consumption within that period. The illicit market value of cocaine was estimated at \$88 billion in 2008 (UNODC, 2010).

As Figure 2.2 shows, the trade takes two major routes. Cocaine is typically transported from Colombia to Europe by sea, through Spain and Portugal in the South or through the Netherlands and Belgium in the North to the European markets (UNODC World Drug Report, 2010:83). The second route goes through Mexico to the Canadian and the US markets. However, recently Nigeria, Guinean Conakry and Ghana are used as transit countries to transport cocaine to the UK and European states by air (UNODC, 2005, UNODC, 2011).

According to UNODC (2010), the world heroin consumption was put at 340 tons. If seizures are included this would represent an annual flow of 430-450 tons. Myanmar and the People's Democratic Republic of Laos contributed an estimated 50 tons of opium with the rest, some 380 tons of heroin and morphine, produced nearly exclusively in Afghanistan (UNODC, 2010). While approximately 5 tons are consumed and seized in Afghanistan, the remaining amount is trafficked worldwide via routes flowing into and through the countries neighbouring Afghanistan (UNODC, 2010). The main heroin trafficking routes are the Balkans and northern routes linking Afghanistan to the Russian Federation and Western Europe markets (UNODC, 2010). This route connects the Islamic republic of Iran through Pakistan, Turkey, Greece and Bulgaria across South-East Europe to the Western European market (UNODC, 2010).

The northern route goes in through Tajikistan and Kyrgyzstan (or Uzbekistan or Turkmenistan) to Kazakhstan and the Russian Federation" (UNODC, 2012).

Bulk heroin seizures that were intercepted reached a record level of 73.7 metric tons in 2008. The Near and Middle East and South-West Asia accounted for 39 percent of those seizures. Some 24 percent of the seizures were recorded in South-East Europe, while West and Central Europe accounted for the remaining 10 percent (UNODC, 2010). According to the UNODC, "the global increase in heroin seizures over the period 2006-2008 was driven mainly by continued burgeoning seizures in the Islamic Republic of Iran and Turkey. In 2008, these two

countries accounted for more than half of global heroin seizures and registered, for the third consecutive year, the highest and second highest seizures worldwide, respectively” (UNODC, 2012).

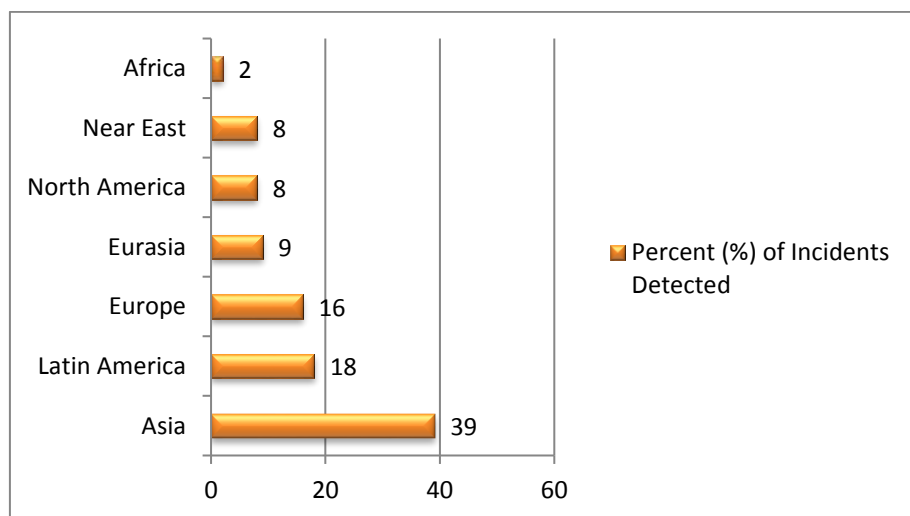
### *Counterfeit Products Trafficking*

According to UNODC (2010), “product counterfeiting is a form of consumer fraud: a product is sold, purporting to be something that it is not. This is different from the crime of copyright violation, which involves the unauthorized transfer of licensed material, such as the sharing of music or video files electronically”. The classification of counterfeit products trafficking includes the following: counterfeit pharmaceuticals; counterfeit electronics; and counterfeit consumer goods (Haken, 2011; UNODC, 2010).

Imitation products need to look like the original (Haken, 2011). For instance in the Chinese wholesale markets, counterfeit goods are categorised according to the degree of resemblance to the original product (UNODC, 2010). Counterfeit goods are sold mainly through parallel markets mostly in the developing countries (UNODC, 2010), as well as by vendors in tourist centres in Europe.

Counterfeit pharmaceutical products are sold where systematic testing is not common as in Africa and other developing countries, and health systems are not well developed (Taylor et al, 2001).

Figure 2.3: ***Counterfeit Incidents Detected by the Pharmaceutical Security Institute per Region, 2008 (%)***



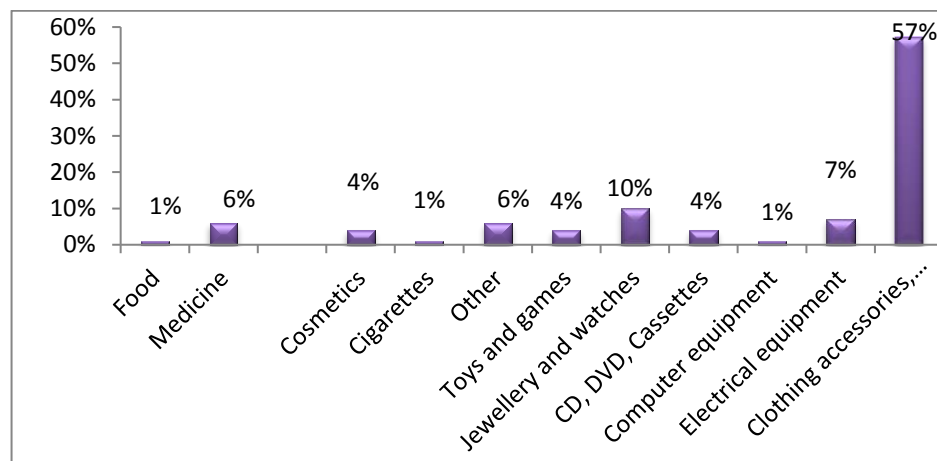
Sources: Pharmaceutical Security Institute; UNODC, 2010

The Figure 2.3 shows that the consumption of counterfeit drugs is a particular problem for countries in Southern Asia, and Latin America. High quality medicines are too expensive for most of the population of these regions (Pierre, Winner and Cook, 2009; UNODC, 2010). However, these drugs are often diluted or do not include any of the active substances. While counterfeits of luxury products mainly harm the producer of these goods, counterfeit medicines pose a real danger to victimised customers.

However, Europe is the third biggest market, where counterfeit medicines are often distributed via the Internet.

European tourist centres offer other market for counterfeit products, which are sold for a low price to tourists. Accordingly, huge amounts of counterfeit products are imported into the EU, and often, illegal immigrants are the vendors. Some tourist centres like Venice or Barcelona make tourists pay high fines for buying such goods, and police target vendors in the streets.

Figure 2.4: **Counterfeit Seizures Made at the European Borders by Product Types (Number of Incidents), 2008**



Sources: UNODC, 2010

France as a producer of luxury goods is particularly affected. Union des Fabricants (2003) blames “international entrepreneurs” of highly connected organised networks of counterfeit products. The products are smuggled across several borders before its arrival at the destination countries where counterfeit products are also sold at the price of the originals (Union des Fabricants, 2003: 7-10). Accordingly French officials argue that, “counterfeiting has become one of



the main sources of support for serious criminal activities and one of the most significant threats to consumer safety". These activities are operated from Taiwan and Malaysia by organised criminal gangs (International Anti-Counterfeiting Coalition, 2003).

The categories of counterfeit products seized at the European borders in 2008 included food, cigarettes, computer equipment, CDs, DVDs, cassettes, toys and games, medicine, electrical equipment, jewellery and watches, cosmetics, clothing, accessories, shoes and other valuable products. The largest proportions are being attributed to clothing accessories at 57 percent, and shoes and jewellery with 10 percent. This is mainly targeted at tourist markets (see Figure 2.4). The World Customs Organisation (2008) stated that counterfeit products were circulated among 140 countries of the world in 2008. China and India are the major producers of counterfeit medicine (Haken 2011; UNODC, 2010).

#### *Illicit Trafficking in Human Organs*

The high demand for organ donors in developed countries with a decrease in supply has fuelled the threat of illicit trafficking in human organs. In 2008, about 30,000 transplant operations were performed in the US, with over 100,000 people remaining on the waiting lists. 'Because the organ supply cannot meet the rising demand, a global market in organs has grown and flourished' (The Economist, 9 Oct 2009).

Trafficking in human organs is an organised crime with two main types of transactions. The traffickers either force or deceive the victims into providing their organs or the victims formally or informally agree to sell an organ. However, in these transactions traffickers often refuse to pay for the organ or the victims are paid less than the promised price (Glaser, 2005). Besides these transactions victims incur huge health hazards in the countries with less than developed health systems. In this illicit trade, state actors and professionals can be complicit. China is believed to be a state actor in illegal organ harvesting (Gilbert, 2006). Human rights activists have frequently reported that Chinese doctors systematically remove kidneys, corneal tissue, liver tissue, and heart valves from executed prisoners in exchange for up-to \$30,000 on the illegal market (Glaser, 2005). The origins of illicit transnational organ trafficking have mainly been China, India, Egypt, Turkey, Philippines, Romania, Brazil, Peru and Bolivia (Gilbert, 2006: 20; Schepers-

Hughes, 2005: 26). The recipient countries include the United States, Canada, Japan, Italy, Australia, Saudi Arabia, Israel and Oman. Thus, as so much other illicit human organ trading occurs, it is submitted that the flows of human organs frequently goes from the global South and poor countries to the rich countries in the global North.

### 2.3.3 Other Types of Illicit Trading of Goods

The third type of transnational crime comprises other illicit trading of goods, which includes: illicit trading in environmental resources, cultural resources and arms.

#### *Environmental resource trafficking*

Environmental resource trafficking refers to the theft and smuggling of a country's natural resource assets, and environmental crime (UNODC, 2010). This includes: wildlife and endangered species, illicit fish trading, illicit timber trade and trafficking; further, illegal trade in minerals, in particular, diamonds and other gemstones, gold and other precious metals and crude oil.

Environmental resource trafficking is a major problem in developing countries due to the fact that many developing countries lack the capacity to develop a robust regulatory framework against the exploitation of these resources and to enforce compliance (UNODC, 2010). Often, government officials collude in violating laws and regulations with international companies.

The trafficking of endangered species from Africa and South-East Asia to Asia and Europe has been attributed to widespread poverty in the region and a high demand for the highly priced exotic animals at the global market (UNODC, 2010). This includes the illegal trade in valuable parts of these animals, which are hunted and killed e.g. the tusks of elephants or rhinos. Nijmam (2010) suggests that around 90 percent of the rhino population has been killed since 1970, with only about 16,000 remaining in 2010.

According to the Organisation for Economic Co-operation and Development (OECD, 2006), "fish piracy or illegal fishing activity, depletes global fish stocks and undermines efforts to ensure continued, renewable stocks for the future. It also damages the economic and social welfare of those involved in legal fishing, and reduces incentives to play by the rules. But despite national and international

efforts, illegal, unreported and unregulated (IUU) fishing continues to thrive worldwide”.

Illegal trading in timber has emerged as a major transnational crime in the global sphere (UNODC, 2010). The American Forest & Paper Association, Seneca Creek Associates, and Wood Resources International defined illegal timber trading as the harvesting, transporting, buying and selling of timber in violation of national legislation (Wood Resources International LLC, 2009). The illegal trade in timber in particular threatens rainforests in the global South, the environment and livelihood of endangered species and indigenous populations. Deforestation also poses a threat to the global climate. Harvesting and trading in timber is therefore regulated nationally and increasingly internationally. Both levels of regulations have entailed illegal trading and trafficking, in which TOC group are involved (UNODC, 2010). In 2008, 40 percent of wood-based products imported into the European Union were illegally harvested and trafficked from South-East Asia (UNODC, 2010). According to the World Wide Fund for Nature (WWF), the major source countries of illicit timber were Indonesia (WWF, 2008), China and Vietnam (UNODC, 2010).

The history of illicit trade in mineral resources, particularly gold trading goes as far back as World War II, when Hitler’s army looted gold across Europe (Naylor, 1996:193), and used it for buying raw materials for the war effort. The contemporary illegal gold trade is driven by two factors: Firstly, governments illegally trade their gold assets to reduce the effect of economic sanctions: Iraq and Libya presently have illegally traded their gold to undercut the effects of international sanctions (Naylor, 1996). Secondly, the illegal mining of gold generates income in “conflict gold” countries such as the Democratic Republic of Congo (DRC) (Cuvelier, 2011). Insurgency groups’ use illegally mined gold in illegal weapons trading, in order to finance the war. This also applies to trafficking in “diamond wars” (Le Billon, 2008). Rough diamonds, are used by rebel movements and their allies to finance conflict and civil war to undermine the government in developing African countries (Passas & Jones, 2006). The international community tried in 2003 with the Kimberly Process Certification Scheme (KPCS) to curb trading of conflict diamonds (Haken, 2011).

The use of diamonds to fund rebel movements has affected Angola, Sierra Leone, DRC, Guinea, the Ivory Coast and Namibia (Center for the Study of Civil War,

2006; Le Billon, 2008, Lacina and Gleditsch, 2004). The global production of diamonds is often centred in the same or neighbouring countries where the conflict takes place like Angola, Botswana, the DRC, Namibia, South Africa, Canada, Brazil, and Venezuela (Center for the Study of Civil War 2006). Traders in cities such as Antwerp, Mumbai, Tel Aviv, New York, and Johannesburg collude in the illegal trade (Passas & Jones, 2006). Therefore, there is interconnectedness between legal and illegal trade. Illicit diamonds are covered-up in the legal diamond market, i.e. diamonds are smuggled from DRC into the Central Africa Republic (CAR), where the illicit diamonds are made legal in the process of exporting them (Smillie et al., 2000).

Illicit oil trade syndicates are highly international (UNODC, 2005). This illicit trading ranges from products smuggling (Greenless, 2009), illegitimate removal of crude oil in excess of the licensing right (BBC News, 27 July 2008 cited in Haken, 2011), to oil bunkering (UNODC, 2005). The illegal trading and smuggling of oil products occurs when subsidized fuel is purchased in one country and smuggled to another country in an attempt to sell it at the higher price in the country where the subsidy does not exist (Haken, 2011). This creates artificial pricing and unbalances legitimate markets in both countries, and in particular creates shortages in subsidised markets.

The illegitimate removal of crude oil, in excess of licensing rights is prominent in Saudi Arabia, Russia, Nigeria, Angola, and Iraq (Baker, 2005:167). The illegal removal of crude products above the licensing right often involves the cooperation of corrupt government and oil company employees.

'Oil bunkering' is the process of shipping oil illegally (UNODC, 2005). This is predominantly common in Morocco, Venezuela, Lebanon, France, Russia, and Nigeria (UNODC, 2005). Bunkering is linked to other organised criminal activities such as drug trafficking and arms trafficking (BBC News, 27 July 2008). Proceeds from oil bunkering are used to finance militants operations in Nigeria and Iraq, and drug cartels in Mexico (Haken, 2011). Asuni (2009) therefore suggests that "oil bunkering thrives in a climate of instability, conflict, and political chaos", where militant groups are operating in ethnic conflicts. Stolen oil from Nigeria is, usually, transported by small barges to tankers "out of sight of the authorities" (Asuni, 2009). The oil is offered in exchange for cash or weapons and then transferred to refineries along the West African coast (Hourelid, 2004). The refined product is then sold on the international market by the perpetrators using falsified certificates

or by mixing it with other products that have a certificate of origin (Baer, 2007; Haken, 2011). In Nigeria for instance, the estimate of stolen crude oil ranges from 70,000 to 500,000 barrels annually, with an estimated market value of \$5 billion every year (BBC News, 27 July 2008).

#### *Illicit Trade in Cultural Resources*

Illegal trade in cultural resources is a transnational crime with flows from the global South to the global North. Wallerstein (1990) argued that 'culture is the battleground of the world system'. Presently antiques and cultural artefacts are guarded by the countries, from which they originate (Haken, 2011). In addition, many countries wish to 'repatriate' their artefacts that during colonial times were claimed and shipped by the colonising powers in the global North (BBC News, 12 May 2000). In addition, antiques are requested back by the countries of origin. National law and international law regulate the trade in cultural artefacts (Haken, 2011). Countries also ratified treaties to prevent the entry of their cultural heritage into illicit global markets. Such instruments include: the 1970 UN convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Cultural Property, and the convention for the Protection of Cultural Property in Times of Armed Conflict (Braman, 2008).

Nevertheless, the lack of harmonization of national laws offers opportunities to traffickers in those jurisdictions with insufficient regulation and oversight (Prott, 1997 cited in Braman, 2008). This provides opportunities for wealthy collectors in developed countries to buy from OC networks in the illicit global market (Laurence, 2008). Switzerland in Europe and Hong Kong in Asia serve as transfer hubs where art and cultural heritage from other countries are bought and stored, to cover their illegal sources. They are subsequently sold on the legal international market (Regazzoni, 2002 cited in Braman, 2008; Napack, 1999).

#### *Illicit Arms Trading*

The production and trading of arms is highly regulated by the international community. In particular, sales and shipment of arms of all kinds into zones of conflict is prohibited and/or highly restricted and regulated. Consequently, with an increasing number of inter-state conflict and insurgent groups, in particularly in Africa and Latin America, the illegal trade in arms is thriving. Often however, governments are colluding in the sale and shipment of tanks, planes and other

large military equipment. Furthermore, the illegal manufacturing and exportation of illicit firearms in some West Africa countries has contributed immensely to several civil wars in the region (UNODC, 2005).

Stohl (2005 cited in Haken, 2011) suggests that small arms and light weapons (SALW) are considered as any weapons that can be carried by one or two people, mounted on a vehicle, or concealed within a pack animal during transportation of goods. Haken (2011) in his report on “transnational crime in the developing world” also suggested that SALW categories range from machine guns to stinger missiles and include rocket-propelled grenades and mortars. Furthermore, firearms are durable goods (UNODC, 2010), which can last indefinitely and can be transferred from one person to another, from country to country and generation to generation; consequently, the supply tends to increase.

The trafficking of small arms and light weapons, results in about 3000 deaths every day globally (UNODC, 2010). Arms trafficking is closely related to other OC activities. OC actors in Mexico rely on sophisticated firearms to enforce and maintain their illicit narcotics operations (Project Gunrunner Fact Sheet, September 2008). The Niger Delta militants in Nigeria depend on the use of machine guns and firearms for their oil bunkering activities and the kidnapping of foreign oil-workers.

#### 2.3.4 Cybercrime

Cybercrime developed with the technology of the Internet. The word “cyber” is used to describe the virtual environment associated with the Internet (Hunton, 2009:529). The Council of Europe’s Cybercrime Treaty refers to cybercrime as offences ranging from criminal activities against data to content and copyright infringement (Krone, 2005 cited in Blanco, Hache and Ryder, 2011). The UN (1995) manual on the prevention and control of computer related crime defines cybercrime as fraud, forgery and unauthorised access.

The UN’s Tenth Congress on the Prevention of Crime and Treatment of Offenders classified cybercrime into two categories (UN, 2000 cited in Blanco Hache and Ryder, 2011). The first of these includes any illegal behaviour involved in the electronic operations of computer security and data processing. The second includes any illegal behaviour committed by means of, or in relation to, a computer system or network including such crimes as illegal possession [and] offering or

distributing information. The Fraud Advisory Panel (2009) suggests that the term cybercrime is used for all types of frauds that are attempted or committed by the use of computers and/or the Internet. Cybercrimes include offences against computer data and systems (such as “hacking”), computer-related forgery and fraud (such as “phishing”), content offences (such as disseminating child pornography), and copyright offences (such as the dissemination of pirated content) (UNODC, 2010; Gordon & Ford, 2006; Chawki, 2005; Wilson, 2008). ‘Phishing’ is also termed identity fraud (Epstein and Brown, 2008). The offenders pose as financial institutions, and persuade their victims change or disclose their passwords and related information (Gonsalves, 2006).

In sum, cybercrime includes pornography and paedophilia, the distribution of hate speech, and all type of frauds, which are committed through information technology. Cybercrime is therefore of a non-violent nature (Blanco Hache and Ryder, 2011). Finklea (2010) suggests that the most common form of consumer fraud today is identity-related.

Grabosky & Walkley (2007:361) argue that most computer crime should be excluded from the domain of white-collar crime, as the employment status of the offender was irrelevant to the commission of the crime. Ultrascan (2010) suggests that over 300,000 Advance Fee Fraud (AFF) organised perpetrators exist globally. According to Glickman (2005) Nigerians are particularly organised in crime networks involved in AFF.

The use of the Internet and the continuing growth of electronic commerce offer enormous crime opportunities to organised crime offenders in cyberspace (Williams, 2002). The Internet provides opportunities for a broad range of crimes as outlined above, one example being AFF. Advance Fee Fraud offenders commenced with the use of fax and postage of scam letters to their targets around the world in the 1980’s (Simon, 2009). Today, they use emails to target their victims. Networks are located in the global South and easily target victims in the global North. OC actors from multiple jurisdictions are now acting in networks to exploit their transnational targets without the need of moving any material from one country to another.

## **2.4 Estimated Market Value of Illicit Global Transnational Flows**

All trade, legal as well as illegal, produces financial flows. The international community has recognised the significant effects of such flows for OC groups and their trades and on the global economy. Curbing and intercepting financial flows is therefore as important, if not more important than intercepting the flows of the goods. A first step in this endeavour is the estimation of the size of these financial flows. Consequently, huge efforts have gone into such estimates, however, these are rough and often exaggerated (UNODC, 2010, Karstedt, 2012a). Table 1.3 gives an overview of the amount illicit proceeds, as gauged from a range of reports and publications. The largest and most lucrative illicit business is the drug trade, followed by illicit products trafficking and cybercrime. The less lucrative trade of the OC groups according to Table 1.3 is the illicit trade in human organs, followed by illegal arms trafficking.

The International Labour Organisation (2009) estimates that at least 2,450,000 persons are currently being exploited as victims of human trafficking with a global economic value of US\$32 billion annually (see also Cullen-DuPont, 2009). The proceeds of prostitution are estimated at \$6 billion in annual profits in Germany alone of which a considerable part is from trafficked victims (Schelzig, 2002). Interpol estimates that in Europe, each trafficked victim generates between \$75,000 and \$250,000 as annual proceeds, while the investment in each victim can be as low as \$1,500 (Malarek, 2004 cited in Lusk and Lucas, 2009).

Reuter and Franz (2009) estimate that the global market value of illicit drugs is between \$45 and \$280 billion, while a UN report puts it at about \$210 billion (UNODC, 2011). The estimated value of the European cocaine market was estimated at \$33 billion while that of the North American market was estimated at \$37 billion in the 'World Drug Report' (UNODC, 2011). The estimated gross profit of drug traffickers from South and Central America and the Caribbean to North America, Europe and Africa was estimated at \$84 billion in 2009 (UNODC, 2011).

The global commercial loss to counterfeiting was estimated at about \$250 billion a year by the Global Financial Integrity, in their report on Transnational Crime in the Developing World by Haken (2011: 56). The illicit market value of kidney transplants is estimated at between \$514 million to \$1 billion annually (Newsweek, January, 2009); for liver transplants this ranges between \$100 to \$200 million



(Fabregas, 2007; Haken, 2011). The combination of these two markets, alone is between \$600 million to \$1 billion annually. The report by Small Arms Survey on “Weapons and Markets” (2009), estimates that about 900 million small arms and light weapons (SALW) are in circulation globally, valued at \$1.58 billion in 2006. The illicit market value was estimated at 10 percent - 20 percent of the authorised and circulated SALW amounting to about \$170-\$320 million per year (UNODC, 2010).

Table 2.3: **Estimated Illicit Market Value of transnational crime**

S/N	Transnational Crime	The annually Illicit proceeds for laundering
1	Human trafficking	\$32 billion
2	Drug trafficking	\$280 billion
3	Cybercrime	\$114 billion
4	Counterfeit products trafficking	\$250 billion
5	Environmental resources trafficking <ul style="list-style-type: none"> <li>- Wildlife</li> <li>- Timber</li> <li>- Illicit fish trading</li> <li>- The illicit trade in diamonds</li> <li>- Illicit gold trading</li> </ul> <p style="text-align: center;"><b>Total</b></p>	<p>\$7.6 to \$8.3 billion</p> <p>\$7 billion</p> <p>\$10 to \$23 billion</p> <p>\$1.4 billion</p> <p>\$2.3 billion</p> <p><b>28.3 to 41 billion</b></p>
6	Illicit trade of art and cultural property	\$6 to 8 billion
7	Arms trafficking	\$170-\$320million
8	Illicit oil trade & bunkering	\$10.8 billion
9	The illicit trade in human organ	\$600 million to \$1 billion
	<b>Total on a yearly basis</b>	<b>\$720 billion</b>

Source: Author’s own calculation

Environmental, mineral and cultural resources trafficking include wildlife, fish, timber, minerals (gold, diamond and crude oil), art and cultural property. The organisation, TRAFFIC Europe in 2005 estimated that the total legal trade in wildlife elephants, tigers, and rhinos was worth \$22.8 billion (Engler, Maylynn & Rob, 2007). Colombo (2003) put it at \$25 billion annually. The illegal trade in wildlife is estimated to be about one-third of the legal trade, which puts it in the range of \$7.6 and \$8.3 billion (Colombo, 2003 cited in Haken, 2011). Illegal fishing

is said to represent a global loss of up to \$10 to \$23 billion annually (Stølsvik, 2010 cited in Haken, 2011). According to Haken (2011), global timber production was valued at \$701.7 billion in 2009 and the illicit timber trading was put at an estimate of 1 percent of the global timber trade, which puts it at about \$7 billion in 2009.

UNODC (2010) suggests that illegal gold mining and trade out of Democratic Republic of Congo is estimated at \$1.24 billion annually. The illegal mining of gold in Peru amounts to an estimated value of \$5.6 billion. The loss to illicit gold mining and trading is set at \$4 billion annually, with Brazil, Venezuela, Guyana, Costa Rica and the Philippines not included (Haken, 2011).

The Report of the Panel of Experts by the UN (2000) in relation to Sierra Leone suggested that at about 20 percent of the global trade in rough diamonds was illegal. Haken (2011) suggests that at that time the world's rough diamond production was estimated at \$6.8 billion, while the illicit trade was estimated at \$1.4 billion (UN Security Council, 2000).

The losses, due to the illicit trade in crude oil products was estimated at circa \$862 million in Indonesia in 2005 (Greenless, 2009). In Sweden a destination country, it was estimated at between \$7 and \$8.4 million in 2004 (EUbusiness, 2004) cited in Haken (2011). In Nigeria, the losses, due to the illicit trading in crude oil was estimated at \$5 billion annually (BBC News, 27 July 2008). The global market value of illicit oil trade was approximately 183 million barrels per year (Baker, 2005), and was valued, using the average oil price of the weekly world crude oil prices of \$58.16 per barrel from January 2003 through July 2010 (Haken, 2011). This resulted in \$10.8 billion between 2003 and 2010.

The International Scientific and Professional Advisory Council of the United Nations Criminal Justice Programme (ISPAC) puts the annual estimates of illicit art and cultural property at around \$6 to 8 billion (Idris, Manar, Manon, Jacqui & Massimiliano, 2010).

The Norton Study (<http://www.symantec.com/>) calculated the cost of global cybercrime at \$114 billion annually in 2011. The Identity Fraud Steering Committee (2010) estimated that identity fraud cost the UK economy about £1.2 billion a year. *The Report on Identity Theft* (UNODC, 2010) estimated the total losses in Canada at about \$2.5 billion in 2002. Ultrascan (2010) suggests that the

global loss caused by Nigerian 419 Advance Fee Fraud was about \$41 billion in total, and \$9.3 billion in 2009. OCTA (2011:23) estimates that organised crime actors of credit and debit card fraud received more than 1.5 billion Euros from their victims in European states in 2009.

## **2.5 Conclusion**

Whilst there have been many developments in the theoretical frameworks related to organised crime in transnational crime discourse, these have tended to originate from social scientists and institutional frameworks. The social sciences definition reveals the models and perspectives of organised crime. The term organised crime is derived from the organisational model. This relates to the first model of organised crime, in which the crime was operated by Mafia syndicates. Other models of organised crime are the patron-client and objective models. The patron-client model explores the loyalty between the 'patron' and their 'clients' in the commission of crime. The objective model focused on all sought of benefits and gains derived from criminal activities. The social networks and system organised crime approach reveals the relationships that bind organised criminal offenders and state actors together. The collaboration of state actors with organised crime groups may take place through the agency of politicians, law enforcers, institutional stakeholders and other legitimate entrepreneurs.

The institutional definitions originated from supranational and national institutions that are authorities competent in curbing the menace of organised crime at both national and international levels. While social definitions adopted models of organised crime, the institutional definitions originated from supranational institutions charters and their conventions.

The contemporary changes and characteristics of organised crime are dynamic. The characteristic of organised crime includes transnational dimension. This creates serious threats that impede good governance and economic development from one global jurisdiction to another. The structure and networks approach suggests the modalities in which organised crime tasks are being ordered and performed within states from a global perspective. In the structured organised crime groups, members perform specialised roles to attain the objectives of the criminal group, while the networks approach leverages clusters, cell-like groups, intermediaries and loose networks to perform criminal tasks. In this sense, the

business of organised crime is conducted using legitimate business structures. This approach is preferred in order to hide illegitimate commodities amongst the permitted and legitimate international commodities. The overriding characteristics of organised crime that protect the illicit goods and services of the criminal groups are the counter measures and violence used when those goods and services are threatened. Organised crime offenders are engaged in corruption to secure business continuity and competitive advantage. The paramount objective of organised crime adapts corruption to achieve the maximisation of the proceeds of crime in the environment where they operate.

Furthermore, there are numerous illicit commodities of organised crime groups within the international arena. The classification of the illicit commodities in this chapter suggested four categories. Trafficking in human beings is the first. The second category evaluates all forms of trafficking in illicit goods such as drugs, counterfeit commodities and illicit trafficking in human organs. The third category posited all other types of illicit trading in goods such as environmental resources (timber, wildlife and fish; minerals, such as gold and diamonds), cultural resources and arms. The fourth and final category is cybercrime. The next chapter will broaden discussion on the roles and the schemes of Nigerian organised crime actors in the business of specific transnational crime from the Global South through to the Global North.

## **Chapter 3**

### **Organised Crime in Nigeria: History and Contemporary Problems**

This chapter examines the phenomenon of organised crime (OC) in Nigeria, following the evaluation of the global dynamics of transnational organised crime in the Chapter 2. It will examine the historical origins of Nigeria's organised crime, and explore the patterns and trends of three specific organised crime types in Nigeria. The focus here will be to address the most prominent and presumably pervasive forms of organised criminal activity in Nigeria, namely human trafficking, drug trafficking, and Advance Fee Fraud. It will analyse the origins and the destinations of these specific illicit commodities as it relates to Nigeria's transnational organised crime (TOC). In doing this, it will reveal the role and schemes of Nigerian OC groups in the distribution of the illicit commodities from the global South to the global North. This will set the scene for the analysis, of the illicit financial flows of business transactions from organised crime groups in Nigeria, as well as provide an overview on the operation of organised crime in Nigeria. This chapter explores and seeks to provide answers to the questions: *"What are the major transnational organised crimes in Nigeria? Who are the Nigerian actors and what are the schemes of their operations?"*

#### **3.1 History of Organised Crime in Nigeria**

The history of transnational crime in Nigeria pre-dates Nigerian independence i.e. (1960). This can be traced back to ancient traditional long-distance commerce and slave trades activity along the West African Atlantic coast (Friman, 2009). This facilitated the historical background of organised crime in Africa during this era. It has been estimated that 3.77 million slaves were trafficked from Africa to America between 1500 and 1760 as a result of the activities of major colonial powers such as the United Kingdom, France, Holland, Spain and Portugal while establishing colonies in America (Eltis, 2000).

In the late 1700s, trade in persons was a global phenomenon. The norm of this trade was that some African tribes had kept other tribes as slaves and as such the Europeans offenders believed that slavery was a cultural way of life in Africa (David Eltis, 2000:58).

Suzanne Miers (2003:1-2) argued that abolitionist critique and the criminalisation process of slave trade commenced in the late 1700s. The abolitionist's strategy showed how the African slaves were being treated in the Americas by the colonists, as compared with other Europeans in their countries, who remained unaware of the agonistic situation of those slaves in the Americas (Drescher, 1986). However, because of the continued campaign of the abolitionist movement, the public in European states saw slavery and the slave trade as crimes against humanity and violation of their own moral character (Miers, 2003). Every European state and the United States had banned the slave trade and the practice of slavery by 1870 (Picarelli, 2009). States deployed naval forces to the coast of Africa to combat slavery, which included anti-slavery patrols and fights against human trading as part of their foreign policy (Lloyd, 1968 cited in Picarelli, 2009).

This chapter suggests that human trafficking is the oldest organised crime in Africa in general and Nigeria in particular. Evidence of this, is revealed by the circumstances behind the enabling norms of the slave trade before 1700, and after the criminalisation of the trade in human beings by 1870 in Europe and the United States. This crime continued because of the manipulation of European syndicates (UNODC, 2005) and the cooperation of greedy African slave suppliers, due to their urge to benefit from the opportunity of the emerging market of cheap labour to meet the demand of Industrial Revolution in Europe and North America in the 1900s. Traders in human beings met these demands and improved the 'global market' condition by increasingly becoming involved in smuggling and circumventing the State's regulations and policies. 'Smuggling helped to maintain the supply of slaves after the ban on the slave trade that defined the century' (Picarrelli, 2009).

The next section will examine human trafficking in Nigeria. It will seek to identify the roles of the offenders of traffickers in persons. Having considered the offenders role, it will turn to examine the schemes of the actors in the perpetration of organised crime in Nigeria. It will conclude with the contemporary problem of human trafficking in Nigeria.

### **3.2 Human Trafficking Context in Nigeria**

In the illicit market, people are cheaper and can be more easily trafficked than drugs and arms, and the laws to combat human trafficking are weak enough to

encourage the trafficker to continue in their illicit dealings (Elabor-Idemuda, 2003). The majority of trafficked persons around the world are women and children of low socio-economic status that are moved from developing to affluent countries in search of a better life (International Human Right Law Institute of DePaul University, 2001).

Nonetheless, poverty alone cannot explain the trend in Nigeria because it is not the poorest country in West Africa and indeed in Africa as a whole (Dave-Odogie, 2008: 68). According to Dave-Odogie, "in Edo State from where the contemporary trend in human trafficking started, it is alleged that business transactions existed between the natives and Italians when the Nigerian economy was more robust. These Nigerians visited Italy to buy shoes, gold and clothing to sell in Nigeria. However when the sex business became more lucrative in Italy, coupled with the worsening economic situation in Nigeria, the women shifted to the sex business and involved their relations in it, and with time involved more people as the business began to boom. This explains why as of now, over 80 percent of trafficked persons for prostitution to Europe especially Italy come from Edo state" (2008: 68).

According to (Elabor-Idemudia, 2003) human trafficking went international in Nigeria in 1983, when the military government took-over power forcefully from the then civilian government under the President Shehu Shagari. The first deportation of large trafficked victims from Europe, including girls and women was recorded in 1995 (Osakwe *et al*, 1995).

Nigeria has been described as a country of origin, transit and destination for traffic in persons (United Nations Education, Scientific and Cultural Organisation (UNESCO), 2006). The trafficking phenomenon of people in Nigeria is categorised into two major types, internal trafficking and cross-border trafficking (UNESCO, 2006).

Internal trafficking of people from rural communities to major cities for exploitative domestic work, scavenging, begging and prostitution is the dynamics of internal trafficking in Nigeria (UNESCO, 2006: 22; Dave-Odogie, 2008). The rural communities where people are trafficked from include; Oyo, Osun and Ogun State in the South-West; Akwa-Ibom, Cross River, Bayelsa State in the South-South; Ebonyi and Imo in the South East; Benue, Niger, and Kwara State in the Middle

Belt, and the destination cities include Abuja, Lagos, Abeokuta, Ibadan, Kano, Kaduna, Calabar and Port Harcourt (UNESCO, 2006). According to UNODC (2006: 29), roughly 83 percent of recruited child victims in Nigeria are from Akwa Ibom state.

In cross-border trafficking, victims from Nigeria are trafficked to countries within the West African region, such as Cote d'Ivoire, Equatorial Guinea, Mali, Cameroon, Gabon, Benin Republic, Libya, Algeria and Morocco (Dave-Odogie, 2008). Foreign children originating from Benin and Togo are also trafficked to Nigeria, with an estimate of 90 percent of the victims coming from Benin alone (UNODC, 2006). In addition, foreign women from Moldova, Belarus, Ukraine and the Philippines were reported as being trafficked to Nigeria from their countries (Okojie, 2004).

With regard to women and young girls trafficked for commercial sexual exploitation to Europe, an estimate of 94 percent of the victims are from Edo State (Okoiye, 2004 cited in UNODC, 2006:30). The common destinations of trafficked victims to European States are Italy, Belgium, Spain, the Netherlands, Germany and the United Kingdom (UNODC, 2010, UNESCO, 2006: 22; Eseadi et al, 2015).

Table 3.1: *Details of Trafficked Victims Rescued in Nigeria from January 2004 – August 2011*

YEAR	TOTAL	MALE	FEMALE	1-17 YRS	18-27 YRS	28 YRS AND ABOVE
JAN-DEC. 2004	73	15	58	38	29	6
JAN-DEC. 2005	341	61	280	191	125	25
JAN-DEC. 2006	363	40	323	178	180	5
JAN-DEC. 2007	1004	330	674	462	498	44
JAN-DEC. 2008	1269	333	936	628	562	79
JAN-DEC. 2009	1250	419	831	540	573	137
JAN-DEC. 2010	1047	220	827	540	467	40
JAN-AUG. 2011	328	97	231	225	96	7
<b>GRAND TOTAL</b>	<b>5675</b>	<b>1515</b>	<b>4160</b>	<b>2802</b>	<b>2530</b>	<b>343</b>

Source: National Agency for the Prohibition of Traffic in Persons and Other Related Matters, (NAPTIP), 2012



Siegel and de Blank (2010) argued that most of the victims of human trafficking in the Netherlands were born in Nigeria. One study also affirmed that 66 cases of human trafficking identified in the UK within 1995-2000 originated from Nigeria (Sommerster, 2001 cited in, Melrose & Barrett, 2006). The German government (2000) said that not less than 60 percent of foreign trafficked prostitutes in Germany originated from Africa with the majority coming from Nigeria. Italian and Nigerian authorities in 2000 estimated that there are between 10,000-15,000 Nigerians involved in the prostitution business in Italy. In the (UNODC, 2010) report, Nigeria led the league of the most detected nationalities of foreign victims of human trafficking in the Netherlands from 2006-2007 and second most detected foreign victims in 2008.

Data from the Counselling & Rehabilitation Department of National Agency for the Prohibition of Traffic in Persons and Other Related Matters, (NAPTIP), the agency responsible for the fight against traffic in persons in Nigeria suggests that from 2004 to August 2011, a total number of 5,675 victims were rehabilitated (NAPTIP, 2012). The rehabilitated data for this period reveals the demographic information of the victims. This information suggested that 1,515 were male while 4,160 were female. This data is evidence that human trafficking is synonymous to trafficking in women in Nigeria.

The most vulnerable among the victims were young girls from Nigeria. This group, with the age bracket of 1-17 years accounted for 2,802 rehabilitated victims within the period and 2,530 victims were between the ages of 18-27 years with only 343 over 28 years of age (see also Table 6.4 on age distribution of rescued victims in Nigeria in 2012 and 2013 in Chapter 6).

Victims were trafficked from Nigeria to European States by road, sea and air (Okojie et al. 2003). UNESCO (2006) posits that transportation of victims from Nigeria to Europe by road is very common nowadays. "Until two years ago they used to come to Europe by aeroplane, now they come by land, by foot and by car, going through various countries like Morocco and Gibraltar they arrive in Spain; then by train they reach Italy or other European countries" (Father Don Orestse Benzi, 2001 cited in UNESCO, 2006).

Okojie, Okojie, Egbafona, Vincent-Osaghae and Kalu (2003: 47) postulated that for the land routes in Nigeria, "the exit points are Lagos and Katsina/Borno. Victims and traffickers exit from Lagos, through Benin Republic, Togo, Ghana, Cote

D'Ivoire to Mali/Niger to Algeria, Morocco or Libya. The Katsina/Borno route involves a long journey to the Northern State of Katsina/Borno where victims exit directly into Niger Republic from where they move on through the desert to Algeria, Morocco or Libya. From any of the North African countries victims go by air to either France or directly to Italy or any other European country. The only sea route is from Morocco to Spain by boat'.

By sea, the traffickers use boats or canoes to transfer the victims from Nigeria, Benin Republic and Togo to countries in central Africa such as Cameroon, Garbon, Guinea and Equatorial Guinea and from there to a final destination in European states (International Labour Organisation/International Programme on the Elimination of Child Labour (ILO/IPEC), 2001).

Transportation by air is increasingly difficult and less used by the Nigerian traffickers these days because of the newly introduced biometrics international passport by the Nigerian Immigration Services. This new passport includes biometrics features such as finger printing as unique personal security on the Nigerian international passport. This has made it difficult for the traffickers to forge the current international passport in Nigeria. However, traffickers still use this means to smuggle victims without being caught (UNESCO, 2006: 27). The main airports used by the traffickers are the Malam Aminu Kano International Airport in Kano and Murtala Muhammad International Airport in Lagos, Nigeria.

### 3.2.1 The Contemporary Challenges of Human Trafficking In Nigeria

The contemporary challenges of human trafficking in Nigeria are heightened by some of the following factors: the lack of a social welfare system for Nigerian citizens; the social and cultural inequality of women; the high profit-low risk situation for the criminal groups in the country; the continuous growth of the sex industry in the global North; the porosity of borders and the corruption of law-enforcement agencies.

#### *The Lack of a Social Welfare System*

Consequent to the economic policies of privatization in Nigeria, many services that were either supported or supplied by the State (such as good health, education, and social welfare) are now being transferred to private hands, and those that are not transferred are ill-funded. This increased the economic burden on families who

want the best for their children, who have to now pay exorbitant amounts to receive these services from the private sectors, whose primary objective is to maximize profit. Cwikel, Chudakova, Paikin, Agmon, & Belmaker's (2004), following interviews with some trafficked women abroad, have suggested that such women entered into a trafficking contract in order to finance health care services for family members, which are now expensive, or for their own university education both services that were once provided by the government but have now been transferred to the private sector.

### *Social and Cultural Inequality of Women*

The social and cultural inequality of women, which leads to an economic dependence on their fathers, husbands and other male relatives is a major challenge of trafficked persons in Nigeria. This has led women and girls in most African countries to become vulnerable to family abuse and violence, including total neglect, as they are often viewed as commodities to be bought and sold (Elabor-Idemudia, 2003). Women's bodies are perceived as sexual (commodities) objects for sale (Long, 2004).

Sexual abuse of children has encouraged the traffickers to exploit young women therefore making them vulnerable, and they were forced to work as prostitutes (United Nations Children's Fund, 2003; Widom and Kuhns, 1996).

### *High Profit - Low Risk*

FitzGibbon, (2003) suggests that high profit-low risk is one of the major motivational factors that encourage traffickers to dwell in the illicit trafficking of people. It was estimated that human trafficking in Europe, for the purpose of commercial prostitution, earned the traffickers between \$20,000 and \$50,000 per victim. The IOM also estimated that trafficking of young women from Ethiopia earned the trafficker about \$800 per person in outright sales. The low risk here is that African traffickers face a lesser risk of arrest, because of the systemic corruption in most African countries. The criminal justice systems do not generally work and the criminals in human trafficking have exploited the subsequent lack of a sound rule of law within the region.

*The Continuous Growth of the Sex Industry in the Global North*

The Dutch government legalised and licensed 2000 brothels registering prostitutes - women and girls in them (Louis, 1999; LifeSiteNews.com, 1999 cited in Leidholdt, 2004: 170). Most of these women and girls are from developing countries including Nigeria. After the legalization of prostitution in the Netherlands, brothel owners began to recruit women into the prostitution business, with the use of the government sponsored job centres for unemployed workers (Leidholdt, 2004).

The sex industry became more globalized with the recruitment and transportation being conducted in large and more sophisticated trafficking networks, which also included the use of the internet for promoting the international sex business (Hughes, 2001, 2004; Jeffreys, 2002; Von Struensee, 2002; Cwikel & Hoban, 2005). In addition, an increase in the sex demand by males at the destination of trafficked victims is also a major contributing factor to the menace of human trafficking in Nigeria. Raymond (2001:2) suggests that “the way in which sex has been tolerated as a male right in a commodity culture is all part of this demand” (Raymond, 2001:2, cited in Batros, 2004).

*The Porosity of Borders and the Corruption of Law Enforcement Agencies:*

UNODC (2005) posits that porous borders and corrupt immigration officers in Nigeria and at the transit countries fuelled the problem of human trafficking in the country. Evidence of corruption within the law-enforcement agencies in the country could be found in the arrest of a former Nigerian police officer, caught in Guinea with 33 young women within the ages of 18-20 (Odunuga, 2001).

All these factors facilitate the following contemporary problems of human trafficking in Nigeria: First, an increase in the growth of internal trafficking, second, baby ‘harvesting’ and third, the situation that victims change their status to become offenders after the repayment of their debt of bondage at the destination countries.

The rapid growth of baby ‘harvesting’ is a contemporary challenge of human trafficking in Nigeria. “ In States like Abia, Ebonyi and Lagos, many cases have been reported about clinics, doctors, nurses and orphanages who help pregnant teenagers and other women who do not want to keep their babies after birth. They care for these women during pregnancy and provide money and shelter. Upon delivery the babies are sold to couples that pay a premium for the babies of their choice. The young mothers are paid off after having signed papers repudiating

their claims on the babies or swearing oaths of secrecy” (UNESCO, 2006: 31, The Guardian 2011). The price of the unborn baby boy and baby girl is around US \$3875 and US \$3100 respectively (UNESCO, 2006: 31). The difference in price also highlights the inequality between the genders.

Apart from external trafficking, that involves the movement of victims from the country of origin (Nigeria) to the destination countries in the global North (Western Europe), contemporary studies of human trafficking in Nigeria have revealed that, there is an increased threat of internal trafficking of children and young women from one part of the country to the other for domestic servitude or prostitution. The internet publication of Agbu, posits that an “International Labour Organization (ILO) study estimated that there are around 15 million children engaged in child Labour activities in Nigeria. These children could easily be forced into child prostitution or trafficked externally. According to NAPTIP, almost every state has a variant of child trafficking”.

Another contemporary trend has been reported to exist in Europe concerning the victims of trafficking in persons for commercial sex exploitation. Whereas many young Nigerian women victims labour for their ‘madam’ with predicaments that range from deceit, abuse, violence, debt bondage, deprivation of freedom of movement, to the loss of dignity, in forced prostitution, many choose the option of continuing in the illicit profession in order to earn the respect of, and gain financial reward from the ‘madam’. This is probably the completion of the crime circle of human trafficking for the purpose of commercial sex exploitation, in which a victim changes their status to become an offender. The motivation behind this newly acquired status is that large amounts of money could be earned by the young women after having paid off their debt (Agustin 2007; Long 2004; Skilbrei and Tveit 2008; Siegel 2007).

### 3.2.2 The Major Actors of Human Trafficking Business in Nigeria

Human trafficking actors in Nigeria can be classified as follows: The Nigerian ‘madam’ (madam refers to the female ring leader in a human trafficking business) - at the country of destination (European States), the Nigerian ‘madam’ – as the native perpetrator, in the country of origin, the trafficking facilitators, the users of the trafficked persons, and other perpetrators (Elabor-Idemudia, 2003; UNESCO, 2006; Siegel & de Blank, 2010).

*The Nigerian 'Madam' - at the Country of Destination*

Unlike other organised crimes, such as drug trafficking, illicit arms dealings, and advanced fee fraud, where the major perpetrators of the crime are men. Women offenders from Nigeria controlled some criminal networks on human trafficking for sexual exploitations in Europe, and this is mainly associated with women offenders from Benin City in Edo State, Nigeria. According to Van Dijk (2002) in his study on human trafficking and prostitution in the Netherlands between the period of 1997-2000, it was revealed that a quarter of all offenders were women including the Nigerian offenders.

The feminist ethnographical study of Patience Elabor-Idemudia (2003) on migration, trafficking and the African women in Nigeria, during the period of 1999-2001 showed the role played by the Nigerian 'Madam' as the beneficiaries of the criminal proceeds accrued from the exploitation of the trafficked victims. Recently, in the study of Siegel & de Blank, the Women who Traffic Women: the Role of Women in Human Trafficking Networks - Dutch cases, it was revealed that the 'Nigerian madam remains in Nigeria to recruit potential trafficking victims to be trafficked to Italy, France and the Netherlands while the role of the madams who settled in Europe is to maximize the proceeds of the crime' (Siegel & de Blank 2010). It is very important to mention here, the popular adage in Nigeria that says 'what a man can do, a woman can even do it better,' which characterizes the role of the Nigerian women as ring leaders and organisers of trafficking in persons for the purpose of commercial sexual exploitation in Europe and other countries of destinations.

*Nigerian 'Madam' - as the Native Perpetrator*

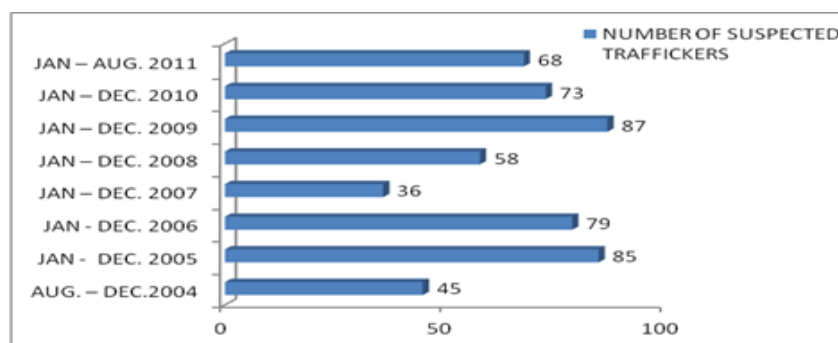
Siegel & de Blank (2010) in their study, 'Women Who Traffic Women', also exposed the role of local women who do not have to travel abroad for the acquisition of illicit proceeds of trafficking for commercial sexual exploitation to be paid into her bank accounts in Nigeria. She will recruit and traffic victims from Nigeria to her co-partners in crime in Italy, the Netherlands, and France, whose objectives are to maximize proceeds of the crime for their fair share. This is further re-stated in the study of Monzini (2000), where a local madam resold no less than 200 girls for 25,000 euro per victim.

### *Trafficking Facilitators*

This is the intermediary between the family of the victim and the main madam in the European destination country. UNESCO (2003) posits that the trafficker facilitator “is the link between supply and demand, on the one hand increasing supply through the recruitment, deception, transportation and exploitation process, and on the other hand boosting demand by providing easy access to the trafficked persons”. The trafficker facilitator provides the logistics for the main madam and the crime organizer for a fee (Siegel and de Blank, 2010). The role of the crime facilitator may range from adoption and trafficking of the victim from the country of origin and sale into prostitution at the destination country. The traffickers are also referred to as ‘couriers’.

The traffickers usually recruit victims from their families and acquaintances in a deceitful and fraudulent way. An individual agent or group of recruiters facilitate this for the traffickers (Okojie et al., 2003). The human courier will arrange for the required travelling documents and transportation of the victims at the country of origin. Additionally, the courier ensures that the victim signs a contract agreement and swears an oath in front of a spiritual shrine before embarking to the trafficked destination (Okojie et al., 2003; Elabor-Idemudia 2003). This may include taking some bodily items from the victim such as blood from the victim’s body, hair from their head, armpit, and private parts, as well as threats to the victim’s life, that bad things will happen to her should she choose to report to the police at the country of destination. Elabor-Idemudia (2003) posits that the victim is also threatened that she may go mad if she breaks the oath.

Figure 3.1: ***Numbers of Suspected Traffickers in Nigeria from August 2004 - August 2011***



Source: (NAPTIP), 2012

From 2004 to 2011, the estimated number of the suspected traffickers according to the Nigerian anti- human trafficking agency was 531 in Figure 3.1

### *The Users of Trafficked Persons*

According to UNESCO (2006), the users are “at the end of a long chain. They can be either the users of sex workers or the heads of farms or shops needing access to cheap labour. Sometimes, prospective employers of trafficked persons directly approach the agents who negotiate with the trafficked persons or their relatives”. They do not see themselves as part of the criminal network, even though they are the consumers of the illicit “commodity” and the engine in the machinery of exploitation (UNICEF, 2003:9).

### *Other Perpetrators*

These include the following:

- the transporters, who are involved in the trans-border trafficking manipulation (UNESCO,2006);
- the agents and group of recruiters at the country of origin where victims were recruited (Okojie et al., 2003);
- the native doctors - during the course of threatening and initiation into the sex business, they use rituals and voodoo-dolls in oath-making (Siegel and de Blank, 2010). The empirical studies of Elabor-Idemudia (2003) also explains the role of African native doctors in the ritual ceremonies conducted for trafficked victims after their recruitments;
- the corrupt law-enforcement officers at the border towns are another group that are involved in the trafficking of people in the region of West Africa (UNESCO, 2006: 24);
- the lawyers that are involved with the drafting of the agreements between the madam and the victims (Elabor-Idemudia, 2003);
- the *trolleys*, which refers to girls who act as guides in the destination countries (Siegel and de Blank, 2010); and
- the fraudsters who falsify the necessary travel documents (UNESCO, 2006: 24).

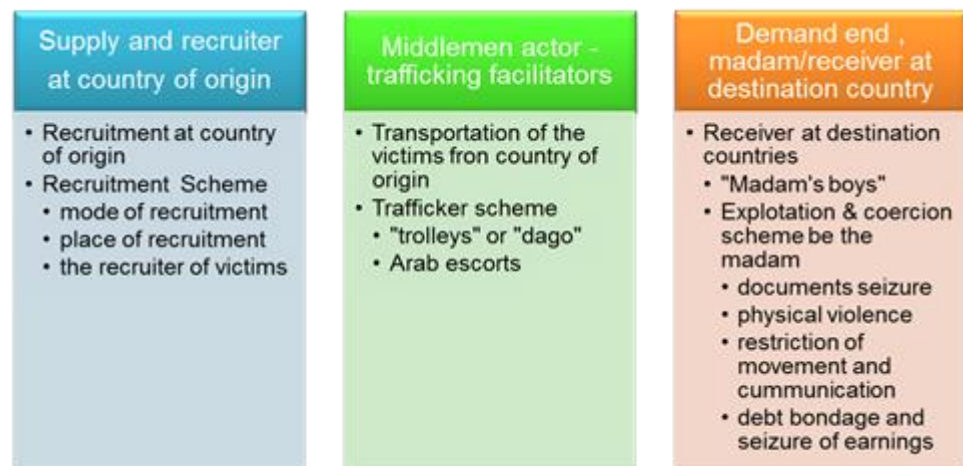


### 3.2.3 The Human Trafficking Scheme in Nigeria

The Human trafficking scheme in Nigeria can be better understood through the roles of the actors in the transnational trafficking process. This is driven by the supply and demand principle of Adam Smith (1776). The supply of the illicit commodity of traffic in persons usually fluctuates as a result of the law-enforcement efforts in both the countries of destination and origin, to combat the global threat posed by traffickers to those countries. In order to stabilise the forces of the demand and the supply of the traffic in persons at the illicit market, the smuggling of victims now prevail. As transportation of goods is important in the supply of legitimate commodities, so also is the transportation of trafficked victims who are smuggled and transported from country of origin to destination country.

Therefore, for a proper elucidation on how trafficking in persons is conducted at the illicit global market, this section explores the scheme used by the traffickers at the country of origin where trafficked persons are recruited. This is the supply end of trafficked victims, and it will consider various recruitment strategies adopted by the offenders at this stage. The next stage will investigate the role of the 'middlemen', the trafficking facilitators, who usually smuggle victims from their country of origin to the final destination. This is the destination where they are being received by the main trafficking offender, the distributor of the illicit commodities to the illicit users, whose main strategy is characterised by an exploitation scheme.

Figure 3.2: ***Scheme of Traffic in Persons in Nigeria***



Source: Author's own source

The recruitment and supply phase is the first stage of the human trafficking scheme. This stage seeks to examine: the mode of contact with the victims, the place of recruitment, and the recruiters of the victims.

Box 3.1: The Nigerian Human Trafficking Madam

*The Nigerian madam A, herself active as a prostitute, led a small network. She recruited girls in Nigeria and arranged their trip to the Netherlands. She was assisted by some Nigerian men, 'trolleys', who accompanied the girls. In the Netherlands the girls were received by white men, who took them to madam. Later they were put to work in window prostitution. A Dutch driver brought them to and from their work. The girls were required to pay A 'contribution money' as repayment for their debts. As a guarantee, the girls had to undergo some kind of voodoo ritual ('ogun'), and their passports were taken away. Sometimes the madam herself collected the girls' incomes, but usually she left it to others. One of the girls explained:" 'A is a real madam, you can tell from the way she talks and behaves, and from the clothes she wears.*

Source: Siegel and Blank (2010: 444)

According to the report "Field Survey in Edo State, Nigeria -Trafficking of Nigerian Girls to Italy", the most commonly used mode of contacting the victims is by word of mouth mainly through their family members and acquaintances (Okojie et al. 2003: 43). They also suggested that other modes of recruitment such as audio-cassettes and letters purportedly written by acquaintances and family members already in destination countries are used to recruit victims from the country of origin. Victims are also recruited through artistes in the musical industry and sports personnel and are then trafficked abroad.

The initial recruitment of victims mainly begins in their familiar territory such as home or market place. Subsequently, the recruiter may invite the victim to hotels, bars, and restaurants in order to finalise the trafficking trip to the destination countries (Okojie et al. 2003). The success stories of the recruiters and the promise of finding suitable and decent jobs abroad for the victims are the major deceptive schemes adopted at this stage (Choo et al. 2010; Elabor-Idemudia, 2003; Siegel & de Blank, 2010). These jobs range from, housekeeping or nannies and maids, trading in African products and attires, hairdressing (weaving Africa

hairstyle), working in factories, farms, industries and restaurants (Okojie et al. 2003: 45).

The recruiter of the victim may be an individual agent of the main trafficker at the destination country or a group of recruiters engaged by the criminal network for this task (Siegel & de Blank, 2010). The recruiters of the trafficking actor usually approach the family members with the notion to convince them to send their young relative abroad to greener pastures (Elabor-Idemudia, 2003). Sometimes, offenders from the destination countries travel to Nigeria to interview the victims personally before handing them over to their agents to finalise their travel arrangements (Okojie et al. 2003: 44). Many victims at the destination countries also play the role of recruiters in an attempt to pay off their own debts (Siegel, 2007 cited in Oude Breuil, Siegel, van Reenen, Beijer and Roos, 2011: 41).

Furthermore, when the recruitment is finalised, the recruiters usually enter into agreements with the victims to ensure that they pay back the money expended on their counterfeited documents and their trip expenses to the destination countries (Choo et al. 2010; Okojie et al. 2003: 56; Elabor-Idemudia, 2003; Siegel & de Blank, 2010). The guarantee for redeeming these agreements is in the form of swearing an oath before a 'traditional priest'. (Elabor-Idemudia, 2003: 109-110).

The oath is usually taken before the priest of the shrine with items such as, blood from the victims' body, submitted finger nails and pubic hair, and victims' underwear, all these bodily items are used for a *voodoo ritual* ('*ogun*') as 'collateral' to secure some 'contribution money' as repayment of their debts (Siegel & de Blank, 2010: 444, Okojie, 2003: 56). According to Okojie et al. (2003), 'one victim was made to swear that if she reneges on the agreement she would run mad'. However, a 'lucky' victim may be asked to sign an agreement before a clergyman or a lawyer by the '*madam*' (Okojie, et al., 2003).

Thereafter, the agents then arrange for counterfeit documentation such as passports or other fraudulent documents to be made to obtain visas for the victim to travel abroad (Choo et al., 2010: 172). Okojie et al, (2003: 46) posit that most of the trafficked victims in their survey, travelled with false travelling documents bearing the nationality of other countries, such as Benin Republic, Togo, Senegal and Ghana. However, if the victims are to be trafficked by road, motor vehicles

such as sport utility vehicles (SUVs) such as Jeeps are used to convey victims to their destination.

The second stage of the scheme involves the transportation and smuggling of the victims. The 'middlemen' offenders mostly engaged in this task are also known as traffickers' facilitators. They are young men frequently described as *trolleys* or '*dago*' (Siegel and de Blank, 2010; Okojie et al., 2003: 44). They usually travel with the victim to the destination countries in the European states. If the security checks at the airport are such that it is difficult to take a direct flight, the trolleys will usually switch the route from travelling by air from Lagos Airport, in Nigeria, to travel by land to Ghana or Abidjan from where they go by air to France or Italy (Okojie et al., 2003: 47). Alternatively, they may travel by land from Lagos, Nigeria via Benin Republic on to Mali and by air from there to the destination country.

Furthermore, when the victims are to be transported by land through the desert, they are usually accompanied by Arab escorts (truck drivers), who know their way through the desert (Okojie et al., 2003). In this case the victims and traffickers exit from Lagos-Nigeria, via Benin republic, Togo, Ghana, Cote D'Ivoire to Mali/Niger to Algeria, Morocco or Libya and from there to the destination country. The second available route is from Katsina/Borno-Nigeria to Niger Republic to Algeria, Morocco or Libya. Normally, victims exit from any of the Northern African countries by train or air to France, or by sea from Morocco to Spain (Okojie et al., 2003).

The final stage of the scheme operates at the destination country in Europe where the victims are received by "*madam's boys*" or *madam's black boys*" (Carling 2005 cited in Siegel and de Blank, 2010: 444). These are young Nigerian men who are usually companions to the *madam* or "contract husbands". They run errands for the *madam* and sometimes they collect the victims from the train stations and airports on their arrival in Europe (Okojie et al., 2003: 44).

The exploitation of the victims is the final stage of the human trafficking scheme. During this phase, the ring leader of the trafficking network, at the destination countries exploit the victims and generate profits by forcing them into bonded labour and by demanding the repayment of the expenses spent on their transportation from their country of origin to the destination countries in Europe (Aronowitz, 2002: 261). Pannell (2001 cited in Melrose and Barrett, 2006: 119) suggests that upon arrival in Europe, the amount of 'debt' owed by victims can be as much as £50,000.

The first step of the exploitation phase is the confiscation of the travelling documents (international passports and air tickets) of the victims by the trafficking network (Barrett, 2006: 119). This puts the victims in a vulnerable position, where they become solely dependent on their traffickers at the destination countries, because of their immigration status (Okojie et al., 2003: 53). Melrose and Barrett suggest that 'many of the young girls are too terrified to go to the authorities to ask for help and believe that the police and authorities will do little to help them' (2006: 119). They often believe that the authorities will punish them for their immigration status. According to Watson and Silkstone (2006: 117), police and immigration officials treat trafficking victims as illegal immigrants, subject to deportation.

Therefore they are left with one only option, to follow the instructions of the traffickers when being forced to engage in prostitution, marital exploitation and abuse of migrant women for marriage, sweatshop labour and in domestic work (Corrin, 2005: 551). They are also subjected to physical violence should they refuse to comply with the instructions of the trafficking network at the destination country (Okojie et al., 2003).

The perpetrator then buy the victims' scanty blouses, short skirts, hand bags, and wigs, with the instructions to join their predecessors on the street, and at times the victim could be hired out by the *madam* to perform pornographic films (Okojie et al., 2003: 54-55). In addition, the perpetrators ensure that the victims' movement are monitored and their freedom of communication restricted. 'Any communication with relations is done in the presence of the *madam* to ensure that the victim does not say anything adverse about the real situation in which she has found herself' (Okojie, et al., 2003: 54). Furthermore, the *madam* then frequently rotates the victims from one location to another in Europe to prevent detection by Law Enforcement agents (Choo et al., 2010: 178).

According to (Melrose and Barrett 2006: 119), traffickers 'made up to £500 per day from each of their victims. However, 'the *madam* takes all the money earned by the victim and records the amount, this goes towards paying her "debt". Deductions are made for accommodation, food, cosmetics, and any other expenses. The girls, therefore, have very little money to spend on themselves or to send to their family while they are in debt bondage' (Okojie, et al., 2003: 55).

The next section will explore the drug trafficking in the context of Nigeria. It will also consider the role and the schemes of drug trafficking offenders in the country and conclude with the contemporary challenges of drug trafficking in Nigeria.

### **3.3 Drug Trafficking Context in Nigeria**

Illicit drug trafficking is a big problem globally and Nigeria in particular. The cultivation, production, consumption and exportation of cannabis, otherwise known as Indian hemp, and to a limited extent the use of addictive substances, are the most prominent drug problems in the country (NDLEA, 2009).

However, with regards to dealing in narcotic substances such as cocaine and heroin, Nigeria is being exploited as a major transit route to Europe and the United States (Ellis, 2009). The UNODC (2010) estimation suggests that around a quarter of Europe's annual consumption of 135 to 145 tonnes of cocaine, valued around \$1.8 billion are currently transited via West Africa.

The historical research of Ellis (2009) on *West Africa's International drug Trade* suggests that, in 1952 the US government documented the smuggling of heroin via Nigeria and Ghana. This was transported by a Lebanese syndicate from Beirut to New York via Kano-Nigeria and Accra-Ghana through drug couriers on commercial flights (Keeler, 1952 cited in Ellis).

The large-scale dealing of West Africans in the cocaine and heroin trafficking is said to have started when West African students studying in Europe and North America failed to receive payments of their study grants from their respective governments as a result of political corruption. Hence, many of these students were recruited by drug trafficking networks to serve as drug couriers trafficking drugs to/from Nigeria to Europe and Americas to save money for their tuition fees (UNODC, Dakar, 2-3 April 2004; Ellis, 2009).

In 1982, the US embassy in Lagos stated that: 'Nigerians played a significant role in the marketing of narcotics and dangerous drugs in the United States' (Daily Times, December 10, 1984 cited in Ellis, 2009). That year the US government arrested 21 Nigerians for drug smuggling and narcotic offences. A similar trend also emerged in Europe in 1983, when the West German Interior Ministry reportedly stated that a ship from Nigeria carrying cocaine, heroin, and marijuana had also docked in the country (Ellis, 2009).

The director of West Germany's customs service stated that Nigeria was one of the top six importers of cocaine to his country (George Wolt, 1984 cited in Ellis, 2009). According to Ellis by 1985, as a result of the rapid involvement of Nigerians in drug trafficking to Europe, UK customs agents adopted a new strategy of systematic searching, and strip-searching of Nigerians entering the United Kingdom (2009). Within this period, some 2000 Nigerians were reported to be serving varying jail terms for drug offences abroad (New Nigeria, 13 May 1988).

Jonas Okwara (1990) reported that the US authorities arrested 851 Nigerians for drug offences between 1984 and 1989 and also stated that 55 percent of the heroin arriving at New York's J F Kennedy airport was smuggled by Nigerians. Segun Babatope, (1992) the then Deputy Director-General of the Ministry of External Affairs said Nigerians offenders were arrested in Pakistan, India, Saudi Arabia, and Thailand for drug smuggling (see also Ellis, 2009). By 2005, the South African Police revealed that Nigerian traffickers dominated his country and they were said to be one of the most dangerous organised crime gangs in the country (Ellis, 2009).

The US government described Nigeria as *'the hub of African narcotics trafficking'*, noting also the 'traffickers' expansion of bulk shipments into Nigeria's neighbours' (USIS, 1998, cited in Ellis, 2009). Kostakos and Antonopoulos (2010) argued that the growth of the European drug market is as a result of significant law enforcement efforts in combating drug traffickers by the US government, which contributed to the establishment of smuggling channels to the European continent. UNODC (2010) also suggests that interdiction efforts pushed drug trafficking to even more vulnerable routes by disrupting original transit zone as revealed in the story of West Africa between 2004 and 2008.

These factors have induced most of the South American drug traders to shift their marketing strategies to Europe, making use of West Africa's vulnerabilities, factors which include but are not limited to her political environment and the existence of the well-developed smuggling networks of the West African drug actors. The integration and abolition of borders in European states in the 1990s accelerated the internationalization of the illicit drug market (Paoli, 2004). This facilitated the relocation of many cocaine traders from Latin America to the West African region; and a significant number of them can be found in Conakry (Blair, 2008; Ellis, 2009).

The argument here is that the drug actors of Latin America formed an alliance with their counterparts in West Africa to benefit from the emerging drug markets in Europe, through the use of effective collaboration strategies. They shared 'business' intelligence within the regions to facilitate the normalities of their illicit drug smuggling, creating a new 'world order' of a globalised threat. This is as many countries of the world have refused to embrace regional collaborations on the fight against illicit drug trafficking as result of corruption, jurisdictional rivalries, national security and political ego.

Nowadays, many countries around the world see the issue of intelligence sharing for the purpose of combating organised crime as national security (NFIU Analyst 06). Their belief is that powerful standard setters of the world might clamp down on them when the country is being frequently used as a transit nation (NFIU Analyst 06). This may also be one of the major reasons why the study of criminology lacks adequate databases for the study of organised crime, thus limiting the scope of threat management in transnational organised crime (Van Dijk, 2008).

The bureaucratic tendency within collaborative efforts among countries of the world is overwhelming (Ribadu, 2010). This includes official intelligence requests in an agreed format by the party countries; the usual briefings at federal executive meetings; deliberation by houses of assembly, various levels of committee meetings and the final approval of the presidents before bilateral or memoranda of understanding are signed at the 'champagne' bilateral ceremony venue among diplomats of the involved nations (NFIU Analyst 03, emphasis added). However, drug actors only need to put a phone call through and arrange for a small meeting in a hotel or nightclub (using organised crime networks and systems) within a very short time period, and cooperation among illicit drug actors commence immediately without any bureaucratic ceremonies (See Chapter 2).

The illicit drug market is a source of revenue for drug actors in any given country. Pearson and Hobbs (2001) classified drug markets into four categories; importers, wholesalers, middle-market brokers, and retail dealers. Lupton et al (2002) suggested two types of drug markets in terms of their neighbourhood operations (central place markets and local markets), and Edmunds, Hough, and Urquia (1996) suggested two major market operations at the local level (open and closed). Don and Hunter (1992) described a seven-tier typology based on 'businesses' or



actors, involved in drug smuggling (trading charities, mutual societies, sideliners, criminal diversifiers, opportunistic irregulars, retail specialists, and state sponsored traders).

Dorn, Levi and King (2005) considered the motivational factors behind drug smuggling (political, financial and risk). Bennett and Holloway (2007) argued that typologies provided on drug markets do not provide the whole picture of the drug market, because little is known about the application of these typologies. It was further argued that methods of drug trafficking employed by the actors differ from location to location (Brookman, Bennett and Maguire, 2004). In some locations, many complex layers of manipulation exist (Pearson and Hobbs, 2001). Therefore, an adequate understanding of the roles played by the market actors is very important to the understanding of the global drug market.

The UNODC (2005) argues that going by the names of people arrested and tried for drug trafficking in both Nigeria and abroad, the evidence from the Nigerian Drug Law Enforcement Agency (NDLEA) records show that they are predominantly from the Igbo-speaking areas i.e. the South-East and the Yorubas from the South-West and the Southern minority groups in Nigeria.

### 3.3.1 The Contemporary Problems of Illicit Drugs in Nigeria

In order to understand the contemporary problems of drug trafficking in Nigeria, this study evaluates the numerous challenges highlighted by the National Drug Law Enforcement Agency in Nigeria in its 2009 Annual Report and its many recent press releases on drug trafficking in Nigeria.

#### *Illicit Use of Drugs among Young People*

The Illicit use of drugs is a problem and of great concern among the youth, mostly males living in urban environments in many developing countries of the world including Nigeria (UNODC, 2012: 4; NDLEA Press release, 14/6/2012). According to the Chairman/Chief Executive of NDELA, “the young people are more at risk of drug abuse and trafficking today. This is because they are adventurous and would always seek to experiment with ‘new’ things which their peers introduce to them” (2012). Some drug users in Northern Nigeria have continued to slide into the abuse of substances, such as tippex, gasoline, lizard excreta, *zakami* – a wild plant, rubber solution, sniffing pit latrine, cough syrup (with codeine) and *guskolo*

– a concoction of unimaginable chemical substances in North Central Nigeria. All these substances are not currently criminalised in Nigeria, since they were excluded from the UN list of narcotics substances.

Table 3.2: *Statistics of drug seizure in Nigeria from 2006 to March 2012*

Drug category	Kilograms
<b>Cannabis</b>	1,284,341.896
<b>Cocaine</b>	16,746.629
<b>Heroin</b>	9,643.076
<b>Other psychotropic substances</b>	9,128.744
<b>Total</b>	<b>1,310,860.348</b>

Source: NDLEA Press release, 14/06/2012

#### *Cultivation of Cannabis in Large-scale Farms in Nigeria*

Cultivation of cannabis is a major drug threat in Nigeria as compared to cocaine and heroin. Farmlands of cannabis were discovered in large sizes in hitherto unimaginable parts of the country (NDLEA, 2009:20). For instance, in 2009 the Nigeria drug agency destroyed 1.5 hectares of cannabis farms located in Katsina State, 21.8 hectares in Kwara State, and also uncovered sizeable cannabis farms in Adamawa and Kebbi States (NDLEA, 2009; NDLEA Press release, 14/6/2012).

Cannabis farmers in Nigeria have resorted to violence to protect their farms and warehouses from being destroyed by the Nigerian drug police. In 2008, two agents of the agency were killed in Abi, the Ndokwa West Local Government Area of Delta State during the course of an official drug operation, by cannabis farmers in that area (NDELA, 2009).

#### *Emergence of the Clandestine Illicit Drug Laboratory in Nigeria*

One of the cotemporary problems of drug trafficking in Nigeria is the advent of illicit clandestine laboratories for large-scale production of methamphetamine in the country. The first illicit drug laboratory with a production capacity of 20 to 50 kilograms per cycle similar to that of a large production centre found in Mexico was detected in Nigeria in 2011 (NDLEA Press release, 21/07/2012). Also in 2012, three Bolivians Yerko Artunduaga Dorado, 19 years old; Ruben Ticona Jorge, 21 years old; and Hugo Chavez Moreno, 39 years old, and one Nigerian 23-year-old Uba Ubachukwu Collins were arrested in connection with a clandestine laboratory

for the illicit production of Methamphetamine at the satellite town, Lagos (NDLEA Press Release, 02/22/2012). The Chairman of NDLEA stated that the ugly development has led to the recruitment of youths in smuggling the drugs across the borders. The NDLEA Report posits that “the environmental pollution, gullible and unemployed youths are being used to smuggle these drugs to countries with high demand. Several methamphetamine traffickers have been caught at the airports and land borders” (2012).

#### *An Increase in the Bulk Shipment of Drugs from Source Countries to Nigeria*

The bulk importation and shipment of narcotic drugs to Nigerian seaports from the source countries where these drugs are cultivated is a contemporary challenge for the law-enforcement agencies in Nigeria. A large shipment of 110kg of cocaine was intercepted on January 13 2011 in Tin Can Island port, Lagos. A few days later, the same criminal group also concealed 167kg of cocaine in 38 cartons of floor tiles in a 20-foot container both of which originated from Bolivia.

In the case of heroin, the Nigerian drug Agency also intercepted a large shipment of 130kg in a 40-foot container on board the vessel, MV Montenegro which originated from the Republic of Iran in 2010. The drugs were concealed amongst auto spare parts, and the street market value was put at \$9.9 million USD (NDLEA Press release, 26/11/2010). In addition, in 2012 the collaborating efforts of The Serious Organised Crime Agency (SOCA), now known as National Crime Agency (NCA) in the UK and the Nigeria Drug Agency resulted in the successful interception of 113.4kg of heroin, which originated from Pakistan into the country through Tin Can Island Port, Lagos – Nigeria.

#### *Corruption among the Officers of the Nigerian Drug Agency*

A major impediment of drug enforcement in Nigeria is corruption among the officers of the Nigeria Drug Agency (NDLEA, 2009: 26-27). This official publication posits that “corrupt practice by drug law enforcement officers, includes poor remuneration and absence of a good reward system, social tolerance, weak anti-corruption legislation controls and prolonged stays in a particular duty post. It is important to state that drug enforcement officers are indeed aware of the street value of the drugs that they seize every day; where these drugs are sold and the people who sell them. The only thing they require to become rich is to cross the line between patriotism and self-interest”. Furthermore, the drug trafficker is

always ready to bribe the poorly remunerated drug agent in Nigeria (NDLEA, 2009: 27).

#### *The Use of Minors and Aged Parents*

Children or minors are considered or seen to be innocent and consequently attract little or no suspicion as air travellers. The drug traffickers know this fact and are always willing to use this lapse against the immigration and customs officers. The drug couriers travel with minors and deliberately conceal the illicit drugs in the minors' luggage. This allows them to beat the security check of customs officers at many airports, since the attention of the customs officers are not always on the so-called innocent minors. In 2002, a twelve year-old Nigerian minor, a boy with US citizenship, was arrested at New York's John F. Kennedy Airport with 87 condoms of heroin in his luggage. NDLEA (2011) apprehended a 59 year-old grandmother at the Murtala Mohammed International Airport (MMIA), Lagos. The suspect was about to export 1.5kg of a powdery substance that tested positive as cocaine. She was arrested during the screening of British Airways passengers to London Heathrow Airport with the drugs neatly hidden in the sides of her luggage. She had been promised the sum of five thousand pounds on her arrival in the UK.

#### *International Student Couriers*

The use of Nigerian students' studying abroad as couriers is one of the frequently applied schemes by the drug traffickers in Nigeria. To study abroad is very expensive, especially in the US and the UK. This is mainly due to the exchange rates of dollars and pound sterling. This mostly affects Nigerian students who are self-sponsored. The student without scholarship support can be easily recruited as a courier by a drug striker (See Section 3.3.2 for the definition of drug striker) to transport drugs for a drug baron. NDLEA Airport Commander, Alhaji Hamza Umar revealed the name of a student suspect, Agunenyne Chinagorom Capito, 29 (student) who was caught with 200 grams of methamphetamines during the screening of Air Emirate passengers to Malaysia. He tested positive for drug ingestion with the aid of scanning machines.

The Vanguard paper illustrates an account of personal experience of one Nigerian international student's courier as thus: "I am a student of English Language. I came to Nigeria to see my parents. While I was preparing to return to Malaysia, a man

offered to reward me if I smuggle drugs to Malaysia. He said that the drug would be properly packed in a bag. If not for the arresting officer, I did not even know that the drug was inside the metal handles of the bag. They just told me that the drug was inside the bag and that I will get three thousand dollars (\$3000) upon delivery. I was given the bag containing some foodstuff and they wished me good luck. I needed the money and did not really consider the capital punishment side of the deal” (May 27, 2011).

### 3.3.2 The Major Actors of Illicit Drug Trafficking in Nigeria

In understanding the global drug market, the roles of Nigerian actors cannot be downplayed. For the purpose of elucidation, the following actors are considered in the development of the Nigerian illicit drug market; the drug barons (drug dealer), the striker (drug intermediary), and the courier.

#### *Drug Barons*

According to a Nigerian drug-police officer (Ellis, 2009), the drug baron is considered to be operating at the upper-level in illicit drug distribution. Pearson and Hobbs (2001) observed that very little research on this subject exists. The major delimitation of this kind of study is that illicit commodities cannot be traded openly in the street to the public like other normal commodities that are available on the open market (Lupton et al., 2002). Kostakos and Antonopoulos (2010) argued that cocaine is consumed by the more affluent and “respectable” parts of the Greek population through the discreet supply of the merchandise.

Therefore, the only available source of explanation is the structural logistics of the Nigerian ‘*barons*’ as described by the law enforcement agencies, combating illicit drug trafficking in Nigeria (Ellis, 2009). According to an interview of a senior Nigerian drug law-enforcement officer, a Nigerian drug baron needs at least three assets. First, he or she must have the ability to buy the drug cheaply at the source. To do this, the Nigerian baron travels to the producer countries in South America and South-East Asia to buy drugs (Ellis, 2009). There is also a large Nigerian community in Mumbai, in the Indian subcontinent (Time out Mumbai 2, July-August 2006). There is a small community of Nigerians living in Afghanistan (Ellis, 2009). A drug baron who lives in a producer country builds excellent local contacts, and is well connected to buy heroin or cocaine in large quantities at source, and can sell to a syndicate of smaller operating units (Ellis, 2009).

In 2003, around 330 Nigerians were said to be in prison for drug related offences in Thailand alone (*Guardian*, 29 March, 2003). It was suggested that West African gangs also played a part in heroin distribution in the United Kingdom (Dorn, Levi, & King, 2005).

The second requirement for a drug baron is a good network and criminal cooperation in the consuming country, North America in the case of heroin, or Europe in the case of cocaine. Millions of Nigerians live in Europe and North America and, this is believed to have facilitated the logistics of the baron's dealings in those countries (Ellis, 2009). This makes it difficult for law-enforcement officers in the receiving countries to detect and investigate the activities of the operations of drug barons among them.

Thirdly, a drug baron needs substantial capital to finance the operations of the trafficking business. Ellis' study revealed that most drug barons in Nigeria were once successful drug traffickers who had previously made two or more illicit transactions abroad (2009). This enabled them to have the financial capacity to support their trafficking business, and the financing of the smooth running of their ad hoc drug team, a project coordinated by 'the striker'.

### *The Striker*

A 'striker' is the person who bridges the gap between the baron and the courier in the drug smuggling business. The word '*striker*' is not only limited to the drug business alone in Nigeria, but also to a range of other criminal groups (Ellis, 2009). The work of a striker is to organise all the necessary logistics required for the smuggling of the drugs to the consuming countries. A striker is usually an experienced former courier, who has worked drugs in various routes and markets.

Ellis (2009) suggests that the Nigerian drug trafficking striker usually performs the following roles in the criminal network:

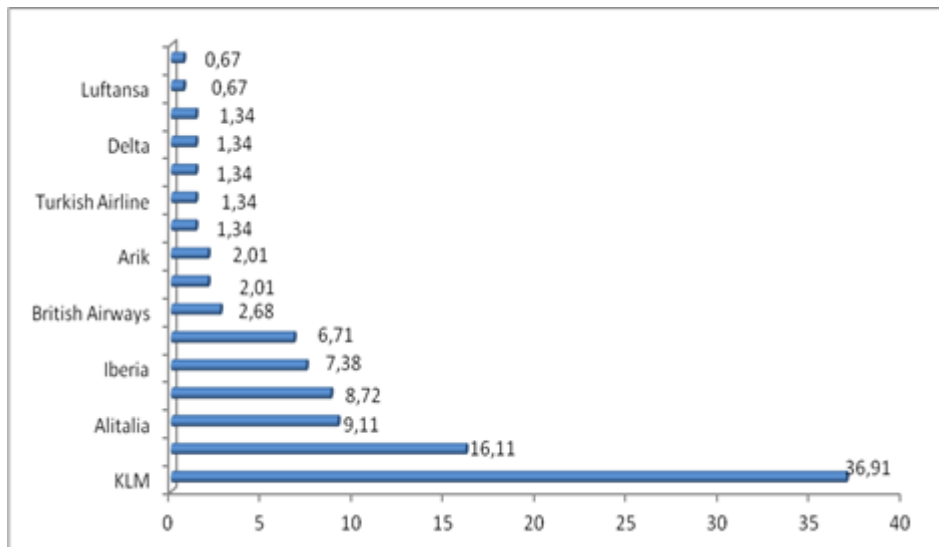
- To consult for many barons as self-employed on a fee basis;
- To provide adequate training for the couriers on the routes, the schemes, and typology studies analysis;
- To coordinate the travelling logistics of the courier including the perfection of forged documents for the required trip;

- To ensure that nothing goes wrong between him, the courier, and the baron. In doing this, he takes couriers to spiritualists to swear deadly oaths, and;
- To apply adequate knowledge of the drug business ranging from the methodology of drug concealment and packaging of drugs.

### *Drug Couriers*

The couriers recruited by strikers, usually carry smaller quantities of drugs in their luggage, or in some cases ingest the drugs after they are properly packed in condoms. The National Drug Law Enforcement Agency in Nigeria (2007) postulated that no less than 69 percent of the couriers that were arrested between January 2006 and 5 March 2007, were so-called 'swallowers', who had ingested condoms filled with hard drugs (Ellis, 2009), and only 31 percent had packed them in their luggage.

Figure 3.3: ***Airlines Used by Couriers Arrested at Murtala Mohammed International Airport, Lagos, Nigeria, 2009***



Source: NDELEA 2009 Annual Report

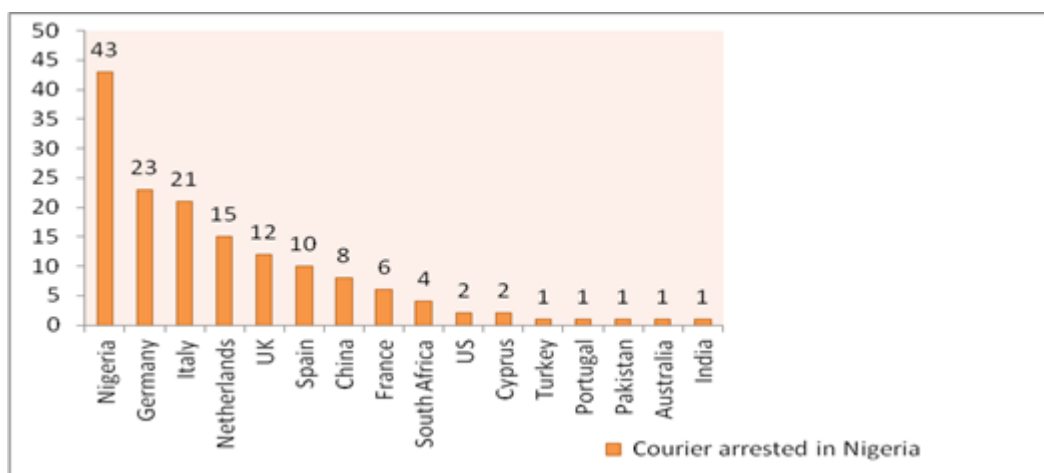
*The NDLEA Annual Report (2009)*, classified Nigerian couriers into four major categories, which include:

- Home-based Couriers: These couriers are largely resident in Nigeria and rarely travel to the source countries. They rely mostly on the dealers based in the source countries for their supply. They lack either the connections or the wherewithal to source for the drugs themselves.

- West African Couriers: These couriers traffic drugs within the West African sub-region. They constitute themselves into small networks interlinked with the main networks that source for the drugs. They are mostly involved in cannabis trafficking and occasionally in psychotropic substances.
- Source Countries Couriers/Dealers: These are largely connected to local networks in the source countries and procure drugs for other couriers either based in West Africa or at the relay points.
- Overseas-based Couriers: These couriers are mainly based in the host countries. They are connected to the local drug distribution chains in Europe and America. They have extensive insights into the local drug trafficking operators. They are also involved in the illegal transfer of funds to Nigeria.

Figure 3.3 indicates that KLM Airline was the most frequently used airline by the couriers arrested in 2009 by the Nigerian drug-police, with the highest frequency of 36.91 percent. This further explained the development of the new illicit drug market in Western Europe. KLM flights are one of the most popular airline in the Western Europe, high frequency usage of the air company by the Nigerian couriers explained the contemporary development of illicit drug market in Western Europe (NDELEA, 2009).

Figure 3.4: ***Destination of Drug Couriers arrested at Murtala Mohammed International Airport, Lagos – Nigeria for 2009***



Source: NDELEA 2009 Annual Report

The above figure indicates that the destinations of couriers were mostly Germany, Italy, Netherlands (mostly from Western European countries), and the UK. While the



highest arrest of 43 couriers with frequency of 28.48 percent stand for the couriers arrested in Nigeria upon their arrival from the source countries where narcotic drugs were produced and cultivated.

Western Europe became more lucrative for the global illicit trading of cocaine from the South to the North as a result of the effective law-enforcement effort in curbing this threat in the US. Figure 3.4 revealed that the Nigerian drug police arrested 23 couriers whose country of destination was Germany, 21 to Italy, 15 to the Netherlands, and only 2 couriers were arrested with links to US destinations in 2009. That same year the US government deported 62 Nigerians for drug related offences from the United States, Germany deported 2, Italy deported 9 and none were deported from the Netherlands.

Table 3.3: **Countries of Deportation of Drug Courier in Nigeria, 2009**

S/N	Country of Deportation	Number Deported	S/N	Country of Deportation	Number Deported
1.	USA	62	10.	UK	2
2.	Italy	9	11.	Australia	1
3.	France	9	12.	Belgium	1
4.	Spain	5	13.	Canada	1
5.	Afghanistan	3	14.	Cape Verde	1
6.	Brazil	2	15.	China	1
7.	Germany	2	16.	Gabon	1
8.	Thailand	2	17.	Liberia	1
9.	Trinidad & Tobago	2	18.	Pakistan	1

Source: NDLEA 2009 Annual Report

In 2009, the major perpetrators of illicit drug trafficking from the South to the North, in Nigeria, were male. Males accounted for 83.18 percent against their female counterparts, who had a frequency distribution of 16.82 percent (NDLEA, 2009).

### 3.3.3 Scheme of Drug Trafficking Business in Nigeria

The criminal business model of a typical drug trafficking network in Nigeria can be explained with the roles played by the offenders located in the three major countries of concern. The countries of concern include the source country, where the narcotics drugs are cultivated, the transit country and the consuming country.

The source countries for cocaine are Colombia, Brazil, Venezuela, Peru and Bolivia from the South American region. Heroin is smuggled to Nigeria from Asia, mainly from Afghanistan, Pakistan, Thailand and Myanmar (Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), 2010:17).

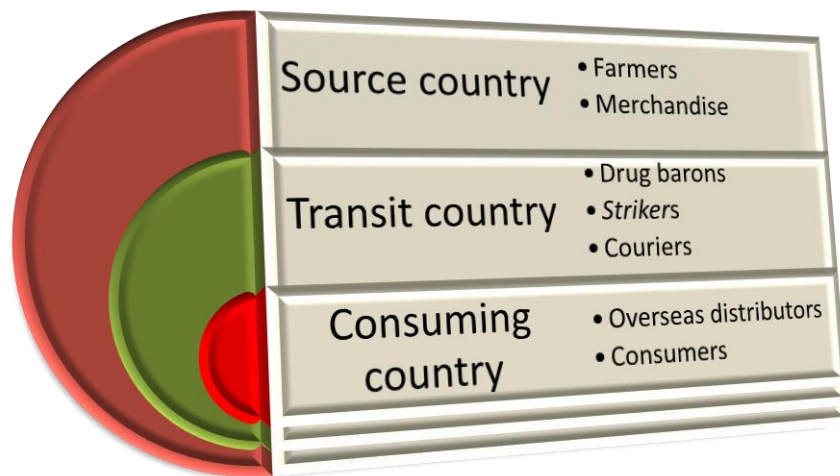
The major actors of the illicit drug syndicate at the source country are mainly farmers who frequently cultivate the illegal narcotics, and the drug dealers located in these countries of cultivation. For instance, estimated production of opium by Asian farmers increased from 4,700 tons in 2010 to 7,000 tons in 2011 as a result of high demand of this illicit good on the illicit market (the supply and consuming market) (UNODC, 2012:26).

Nigeria is the transit country where the drug is trafficked from, to other major markets located in European states (UNODC, 2010).

The narcotics 'merchant' from the source countries also referred to as the procurement syndicate, are usually trusted by the local drug baron in Nigeria (GIABA, 2010:17), Merchants from South America often procure and smuggle large quantities of drugs from the farmers, which are then shipped to their West African networks including Nigeria (Paul, Schaefer & Clarke, 2011)

These drugs are always concealed in imported goods such as building materials and other goods items from the source countries. In 2011, the Nigeria drug police intercepted and seized 167kg worth of cocaine in a Lagos seaport. This drug was concealed in the 150 square parcels packed inside 38 cartons of floor tiles, which originated from Bolivia.

Figure 3.5: *Illicit Supply and Demand markets of Narcotic Drugs*



Source: Author's own source

However, in the case of heroin, large quantities are smuggled by air to Nigeria, using human carry, luggage, and cargo (GIABA, 2010:17). In 2012 the “sniffer dogs of the National Drug Law Enforcement Agency recorded their first major seizure of narcotics this year. Anti-narcotic agents had placed the consignment on surveillance following the alert signal of the sniffer dogs. The operation led to the ultimate abandonment of 16 kilogrammes of high grade heroin by a suspected drug syndicate at the National Aviation Handling Company (NAHCO) shed at the Murtala Mohammed International Airport (MMIA) Lagos” (NDLEA, 2012).

It is very likely that criminal networks avoid direct shipment or the air cargo of narcotic drugs from the source countries to the consuming markets in the European States because stringent border control exists. The major motivational factors for the movement of drugs through West Africa to Europe might be as a result of weaknesses, such as the lack of manpower, technological and other resources coupled with the porosity of borders in the West African region and Nigeria in particular (Wylter and Cook, 2011; NDLEA, 2009: 19). The country is then preferred as a transit country and the hub for drug trafficking from the region to European States (Ellis, 2009).

Following any successful large shipment and clearance of bulk narcotics drug from the country of cultivation in the Nigerian seaports or the Airports, the drug dealer in Nigeria, also referred to as the drug baron, takes possession of the drugs. The

drugs are mostly concealed in warehouses or inside wardrobes by the Nigeria drug baron (GIABA, 2010: 20).

The baron then engages the service of an experienced 'striker', who is the middleman who usually puts in place all the required logistics for the transportation of the drugs from the transit country (Nigeria) to the consuming country in Europe. The striker always disguises the identity of the drug baron to the other actors of the network in Nigeria, and organises the recruitment of the couriers as well as arranges the travel documents for the couriers.

The striker's favourite recruits are international students, holidaymakers, Nigerians with EU nationality or other nationalities from developed countries. The recruits of strikers mostly do not know where the striker conceals the drug. The scheme of the striker is characterised by trickery and persuasion. In addition, the striker always assures the courier that they will not be caught. The most distinctive trick of the striker is to ensure that many couriers board the same flight, so that if one of them is caught at the Airport others can go freely undetected (UNODC, 2005), as the attention of the law-enforcement officers are directed on the arrested courier.

The most important actors in the transit country (Nigeria) are the drug couriers. They are very important to the network because without them the illicit commodities cannot be smuggled to the final market where the consumers are located. They are frequently arrested at airports while carrying the drugs in their body, through ingestion, and their luggage for onward distribution at the consuming countries located in Europe. The couriers that carry drugs in within their digestive system are referred to as "swallowers" by the Nigerian drugs police. Chepesiut (1999: 159) posits that the Nigerian "swallowers put the drugs in condoms, which are often wrapped in carbon paper or black electric tape, making it difficult to spot the drugs in an x-ray machine because the carbon looks like any other body part". Subsequently, the courier offenders from Nigeria will then deliver the illicit goods to the overseas distributors who sell them at the demand market located in Europe.

### **3.4 Nigerian '419' Advance Fee Fraud Transnational Crime**

This section will explore the Nigerian Advance Fee Fraud transnational crime. It will also examine the role and schemes of first and second-generation offenders

in the Nigeria AFF criminal network. Having considered that, it will enumerate the contemporary problems of the Nigeria AFF transnational crime.

The '419' designation refers to a section of the Nigerian Criminal Code that criminalised the act of obtaining something under false pretence (Law of the Federation, 1999). The Nigerian community usually refers to the perpetrators of this crime as '419'. Blommaert and Omoniyi (2006: 574) posit that "the general pattern of the direction of 419 emails is a South to North run: the message is oriented towards a particular kind of subject in affluent societies: someone greedy enough to give in to the temptation of earning millions with an email reply". However, the largest Nigerian AFF crime on record was a South on South run of US\$242 million from a bank named Banco Noroeste in Sao Paulo, (Brazil Blommaert and Omoniyi, 2006: 574).

According to Tanfa, (2006:10) 'Advance Fee Fraud is defined as an upfront payment, by a victim to a fraudster, to allow him to take part in a much larger financial transaction, which he believes will either bring him profit or will result in credit being extended to him". In this case, the victim is asked to pay an advance fee of some sort as "transfer tax", "performance bond" or "money to buy chemicals", "processing fee", bribe, or other cost. (Zook, 2007: 66; Tanfa, 2006). If the victim pays the advance fee, there often arise many "complications", which require even more advance payments, until the victim either quits or runs out of funds (The 419 coalition, 2003 cited in Tanfa, 2003).

Abati, (2002:4) postulates that the offenders of AFF belong to an underground network that is characterised by the corruptive influence of both private (bank officials) and public officials (the police). AFF offenders are well organised and they operate as a network, both nationally and internationally, the national networks operate with government officials, law enforcement agents and businessmen (Tanfa, 2006: 111). In the search for profitable criminal ventures, many AFF perpetrators diversify their activities by combining AFF with drugs importation and distribution, acceptance of counterfeit currency, prostitution and use of illegal immigrants as drug couriers (National Criminal Intelligence Service, UK, 2003 cited in Tanfa, 2006:110).

Bergiel, Bergiel, and Balsmeier (2008:135) suggested that AFF in Nigeria became noticeable in the mid-1980s when there was a sudden fall in the global oil price, this forced many university-educated white-collar workers in Nigeria to scramble

to survive. Thereafter, the Nigerian government agreed with the devaluation policy of the Naira, the local currency, suggested by the International Monetary Fund (IMF), which facilitated the internationalisation of crime (Simon, 2009). Prior to the devaluation, the Naira had a stronger value than the US dollar and most fraudsters were committing the crime mainly in Nigeria.

Consequently, Nigerian fraudsters became international since a few US dollars, Pounds Sterling and Euros could be exchanged for a large number of naira. This was attributed as the beginning of large-scale dealings in AFF in the country. The famous anti-corruption top ranking officer in Nigeria, Nuhu Ribadu also said that AFF started during the Second Republic of 1979-83 (Smith, 2007, cited in Ellis, 2009).

Internet use today has made it easy to defraud millions of potential victims globally with AFF unsolicited emails (Bergiel, Bergiel, and Balsmeier 2008). The combination of the very low distribution costs of scam letters, to access an enormous audience globally is one of the major reasons for the success of the crime in recent times (Leyden, 2003). This has lowered barriers between places and allowed offenders to easily send text, voice, and video messages around the globe (Zook, 2007).

The phenomenon of the crime in recent times has assumed new criminal dimensions with thousands of young people operating from cyber-café's in Nigeria (Abubakar, 2009). The flamboyant display of wealth by AFF perpetrators has also resulted in the encouragement of this crime among the young, poor and unemployed youth who are extremely desperate to share in this illicit wealth (Atta-Asamoah, 2009).

#### 3.4.1 Contemporary Problem of '419' Advance Fee Fraud

Even though AFF constitutes a major threat from the South to the North, there appears to be less empirical studies on the operation of Nigerian AFF offenders. However, the Netherlands based financial investigation company, Ultrascan Advance Global Investigations, suggests the following contemporary problems of the Nigeria AFF.

The AFF offenders account for the largest number of transnational organised crime groups in the world. The annual growth of the offenders is a 5% increase per year with over 300,000 individual offenders in the globalisation of crime (Ultrascan, 2009).

AFF operators are moving their operations from the global North to the global South. For instance, in India, China, Vietnam and South Korea, victims are falling to similar fraud schemes experienced by their counterparts in the UK, Europe and Americas during the last decades. Many Indians are victims of Internet low-end job and student visa frauds. Chinese are victims of the AFF lottery fraud (ibid, 2009:13).

AFF 'businesses' became a global enterprise for the recruitment of the money mule over the Internet. A money mule is someone who allows his or her personal account to be used for the transfer of illegal funds for a small commission. Money mules recruited over the Internet funnelled back the income from crime to the AFF offender through money transfer agents (Addis, 2009). The recruitment of money mules usually come as designation of someone to serve as company's agent or a freelance job agent, whose duty it is to collect payment on-behalf of the companies and then send the payment back via alternative remittance system of payment to the principal company (Ultrascan, 2009). In recent times, the recruited AFF money mules' networks also facilitate the collection and transfer of proceeds of other organised crime from the global North to the global South.

The vulnerability of the money transfer agents, the proceeds of AFF offenders are re-directed through the vulnerable sector of alternative remittance system of payment to avoid detection, arrest, prosecution and conviction. For instance in October 10, 2009, MoneyGram was fined the sum of USD\$18 million by Federal Trade Commission of the US (FTC) for the abuse of its transfer licence for the vulnerability to launder the proceeds of AFF offenders in a fraudulent telemarketers to deceive U.S. consumers out of tens of millions of dollars (FTC, 2009).

In addition, a contemporary increase of fraudulent web sites is a major problem posed by the operations of the AFF offender. In 2007, an average of 1,500 fake company websites was registered per week, making the total number of fake websites to almost double from 23,000 to 44,000 in that year. Moreover, in recent

times a minimum of 15,000 fake company websites were registered weekly the AFF offenders in 2009 (Ultrascan, 2009: 15).

### 3.4.2 The Nigerian Advance Fee Fraud Transnational Crime Actors

According to Ultrascan (2010), AFF perpetrators have the highest number of illicit organised actors, with over 300,000 globally with an annual growth rate of 5 percent and a significant number of money transfer agencies abroad are operated by AFF criminal organisation.

The recent research of Atta-Asamoah (2009), "Understanding the West African cybercrime process" further categorised Nigerian AFF into two principal generations; the first- and second generations.

First-generation offenders believe they are involved in the trade of 'greed' (Blommaert & Omoniyi, 2006; Atta-Asamoah, 2009). The ability of the victims to accept the proposal of the criminal networks is the fundamental principle towards the success of the first-generation offenders. Thus making the victims' 'will' the normative, with the internet as a 'marketplace' for selling and buying of this greed. This generation does not require having adequate knowledge of the use of computers and the internet, with only an email account required to harvest millions of victims email address online and thereafter the sending to his/her victims of numerous unsolicited spam messages (Raz, 2009). Nonetheless, the first-generation offender is characterised by obtaining by false pretence (Law of the Federation, 1999).

Tanfa (2006: 110-111) suggests the following as the main player of the criminal network in the first generation Nigeria AFF group: a "qualifier" also known as a "dialer", a "fronter", a "reloader", a "closer", a "no saler", and a "takeover".

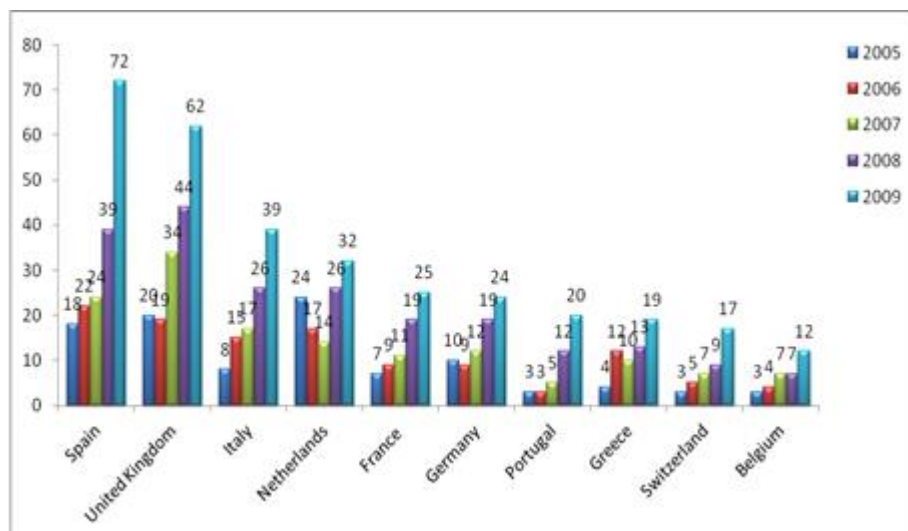
A "qualifier" is the member of the network, who identifies victims on the lead lists. The "qualifier" provides the network with the information of victims who have lost substantial amounts of money or the targets who have the potential to fall victim to the scam. In doing this, the "qualifier" also makes exploratory contacts. A "fronter" makes the initial sale, by attempting to build a relationship with the target, ranging from friendship and business to social relationships. This is usually the profiling offender. The, "fronter" then passes the victim's profile to a "reloader" who will then attempt to repeat the process. The "closer" is an experienced AFF



perpetrator who usually completes the fraud. The next actor is the “no saler”, who is the network member that usually solicits targets that respond to the unsolicited mail with a “no” response. The final actor of the network is called the “takeover” who is the person who steps in if the deal becomes suspicious to the target. Often, the “takeover” redeems the deal by introducing a more superior trick in order to get the victim back on track (Tanfa, 2006: 111).

The second-generation offenders apply the use of information technology skills to perpetrate the crime, rather than sending emails to a target from a scammer’s inbox, as the case maybe in the first-generation. This offender uses online schemes known as phishing. This means obtaining something of value from a person by deception through the use of fictitious websites, which results in the identity theft of the targets without their knowledge (Atta-Asamoah, 2009: 109; Addis, 2009). The use of information technology by second-generation AFF offenders, has limited role actors. In this case only two offenders complete the illicit task of the AFF scheme. The main AFF actor of this scheme is the phisher, and the money mule in the country where the victim is located is the secondary offender. The offenders’ crime facilitators are the webpage designers and the Internet Service Providers (ISPs) (Addis, 2009).

Figure 3.6: **Numbers of Active Scam Organisations of Nigeria AFF in the most Affected 10 European States in 2005-2009**

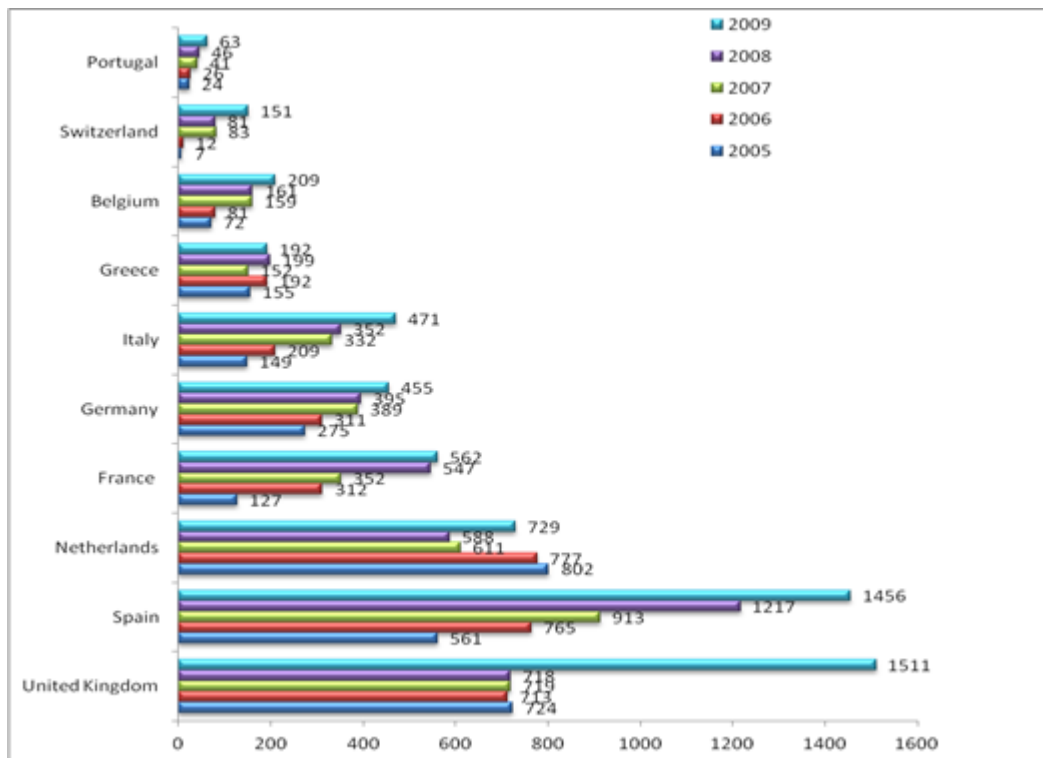


Source: Ultrascan AGI, 2010

The AFF transnational network is designed in such a way that the victims are located in one country, the actors are located in another, and the proceeds of the crime are collected in a different country (Zook, 2007; Ultrascan 2010). This makes investigation and prosecution of the crime difficult for law-enforcement agencies. The '419' advance free fraud schemes always involves at least two or more countries (Ultrascan, 2006). The chapter 6 of this thesis also elaborate on the perspective of organised crime financial flows in Nigeria.

Despite the fact that the Nigerian AFF scam constitutes major threats from the South to North (UNODC, 2010), there appears to be no centralized database of '419' spam activities for the control of this menace. The only comprehensive data source is that from the Netherlands based fraud investigation company known as 'Ultrascan Advanced Global Investigations' (Ultrascan AGI, 2010). The Ultrascan database provides a listing by country of active organisations of '419' scams. From this data, this study, selected the top 10 active Nigerian '419' AFF scam rings in the European States, including the UK.

Figure 3.7: *Individual Resident Actors of Nigeria AFF in the 10 most Affected European Sates in 2005-2009*



Source: Ultrascan AGI, 2010

Spain had the highest number, with 72 Nigerian '419' AFF resident scams organisations within the period of 2009, followed by United Kingdom with the total number of 62 scams organisations, with percentage growth of 45.8 and 29 of newly detected scam organisations from 2008 and 2009 respectively. Belgium and Switzerland host the least resident scams organisation between 2005 and 2009 in the selected data of the distribution of top 10 transnational active scam organisations of Nigeria AFF across the European States between 2005-2009.

With regards to the individual actors involved in the Nigerian '419' AFF scams, Figure 3.7 illustrates that the UK has the highest active members of 1,511 and a 52.5 percentage growth of newly detected members in 2009. This is followed by Spain with 1,456 active members in 2009 and a percentage growth of 16.4 percent of newly detected members in that year. Portugal had the least resident actors of 63 members with percentage growth of 26.9 percent of newly detected members in 2009, followed by Switzerland with 151 members, and a percentage growth of 46.3 percent.

As a result of the lack of documentation, it is not entirely clear what the growth of '419' activities are in Nigeria. Ultrascam identified Nigeria as a centre of AFF activities, but it is not included in the data because 'in Nigeria there are too many 419 rings and 419ers to enumerate and qualify losses to victims worldwide' (Ultrascam, 2010).

### 3.4.3 The Nigerian Advance Fee Fraud Scheme

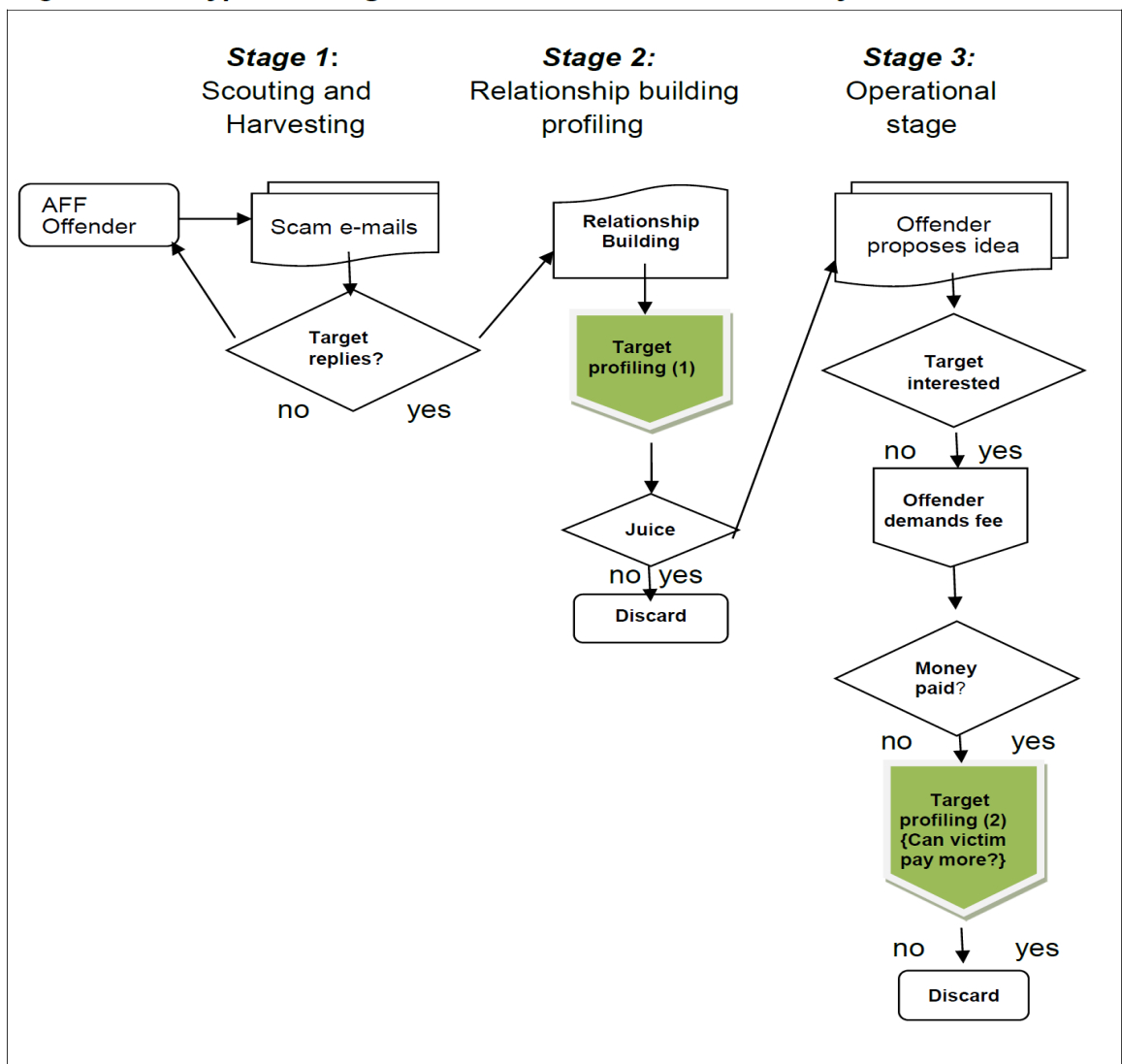
There are two separate schemes used by Nigerian AFF offenders in the perpetration of this transnational crime. The scheme of the 'first-generation' is different from that of 'second-generation'. The first-generation focus mainly on assuming a genuine and authentic tone in order to convince their targets in the 'internet-market' place where 'greed' is being transacted (Atta-Asamoah, 200: 109), with the second-generation offenders employing the use of information technology skills, which reduces the number of specialised actors by ensuring operational time management.

*The 'First-generation' AFF Criminal Business Model*

Atta-Asamoah (2009: 108-112) posits that a typical AFF first generation internet fraud scheme involved three stages. The first stage is the scouting and harvesting, the second stage is relationship building and the third stage is operational stage.

The first stage of the AFF scheme involves the scouting for the e-mails of the targets. According to Oyesanya (2004:5), this can be done manually or by automation with the use of email extractor software to create a list of email addresses of the targets. Additionally, the perpetrators also buy bulk e-mail addresses from internet based e-mail address resellers (Tanfa, 2006: 125). After the scouting and harvesting of target e-mails, the offender then makes the first contact and then waits for a response.

Figure 3.8: *Typical first-generation advance fee fraud lifecycle*



Source: Atta-Asamoah (2009)

Many recipients of the unsolicited e-mail usually treat the email as junk and do not normally respond to them. 1-2 percent of the unsolicited e-mail by the AFF offender, however, receives the attention of targets (Bergiel, Bergiel, and Balsmeier, 2008: 135; Atta-Asamoah, 2009: 111; Dyrud, 2005). This means that if the offender sends ten thousand (10,000) unsolicited emails to the targets, about 100-200 targets will respond to the call of the AFF offender.

No AFF criminal network will be successful, without the collaboration of a victim (Tanfa, 2006: 126). If the target complies by replying to the unsolicited e-mail of the AFF perpetrator, then that takes the offender to the second stage of the scheme. This stage involves the building of a relationship and the profiling of the target by the offender. This is the most sensitive stage of the scheme, since any suspicion of the offender by the target may disconnect the completion of the criminal business cycle. This therefore requires an experienced member of the network to perform the role in this stage.

A positive response describes the response of a target who perceives the unsolicited e-mail as an opportunity for a financial fortune and a non-juicy response is discarded in stage 2.

The operational stage is the final phase of first generation Nigeria AFF offenders, during which the offender proposes an idea involving a transfer of fees or goods (Atta-Asamoah, 2009: 112). The AFF offender proposes a new idea if the target is not interested in the initial one that was presented. If, however, the target indicates interest, an experienced AFF perpetrator maintains dialogue cautiously at this stage and may even provide documents to validate the fraud (Oyesanya, 2002: 8). These documents are either forged Nigerian institutional forms or actual documents obtained through corruption, from compromised officials of authentic Nigerian government institutions (Tanfa, 2008:127).

If the target is convinced by the documents' verification, the offender quickly proceeds to ask for the transfer of an advance fee to be paid as a bribe, bank commission, legal fee, etc. to facilitate the transfer of the imaginary fortune from Nigeria to the target location. If the target transfers the required fees, the offender will double-check the profile of the target to ascertain whether the victim has capability and willingness to pay more (Profile 2, figure 3.8).

If the result of the profiling is no, then the victim is discarded and the communication relationship discontinued. If the result of the profile screening is

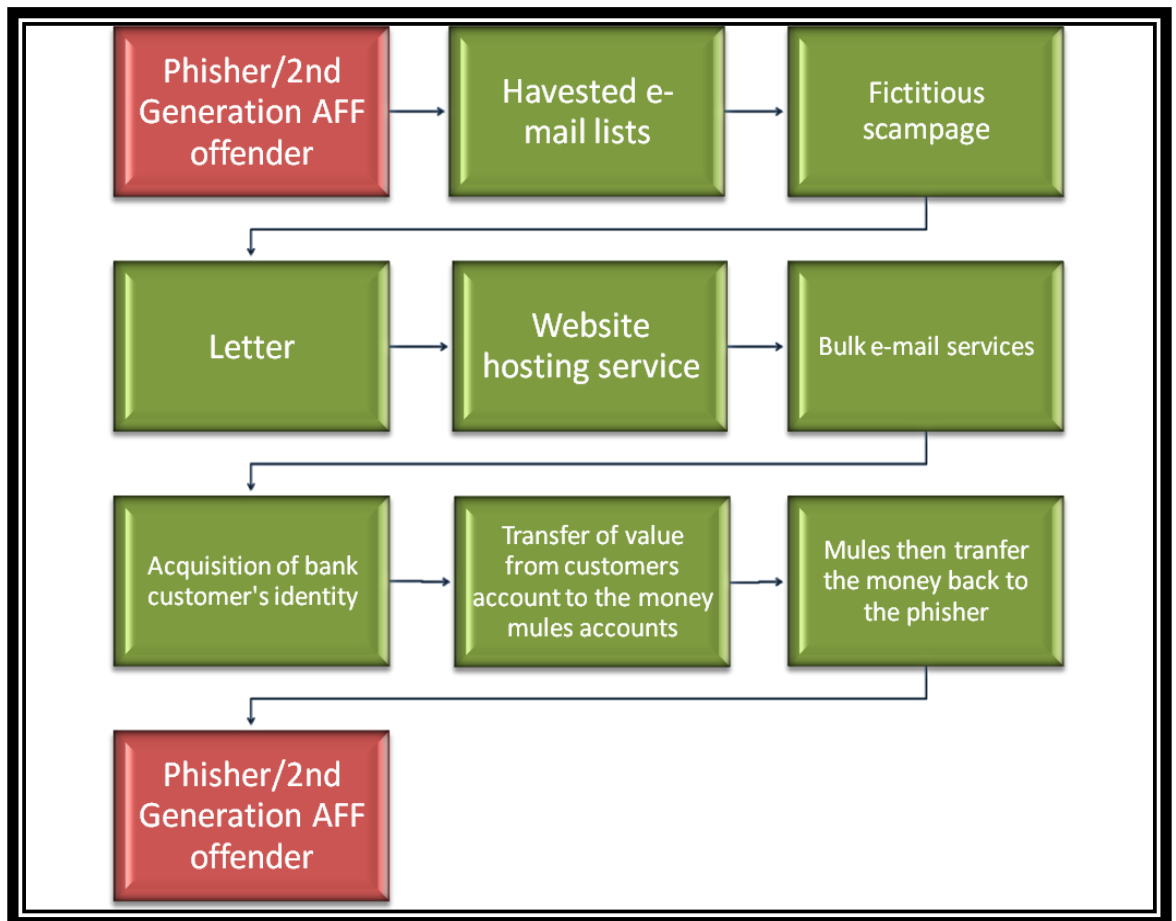
positive, the target may then be required to forward personal information such as bank accounts, passport copies via email or through international mail carriers etc. (Tanfa, 2006). This is a new scheme for obtaining an additional transfer fee from the target.

Generally, the operational stage usually discontinued whenever the victim is either unable to transfer additional funds or becomes suspicious of the financial loss. The AFF offender may also sell the e-mail address of the target to a more superior AFF group in a new scheme, which is directed at trying to recover the defrauded funds of the victim. This is an advance extension of the Nigeria AFF first generation criminal network scheme (Tanfa, 2006:128).

#### *The 'Second-generation' AFF Criminal Business Model*

The main scheme of the Nigerian second generation AFF offender is called phishing. Phishing is obtaining something of value from a person by deception (Addis, 2009:31). He also suggests that it is usually aimed at the financial institutions and payment service companies that operate online banking.

The typical life cycle of the phishing schemes of Nigerian second-generation transnational offenders consist of eight major stages (Figure 3.9): a list of harvested email addresses, a phishing template e-mail letter, a bulk e-mailing service, a fictitious website also referred to as the scam-page, a website-hosting service, the acquisition of bank customers' identity, the transfer of money from victims' account to the money mule's account.

Figure 3.9: *Typical second-generation advance fee fraud lifecycle*

Source: Author's own source

The first stage of the second-generation AFF scam process involves searching for a pool of e-mail addresses. Some of the sources of targets e-mail addresses included the following (Atta-Asamoah, 2009: 109-110):

- Domain contact points, this usually has three contact points, the administration, billing and technical contact points. These contact points include a contacts points registry that contains the addresses of the contact persons from where AFF offenders usually harvest the email addresses of targets
- Online chat rooms, AFF offenders usually join these numerous dating sites in order to fraudulently acquire the e-mail address of the targets

- Circulation of hoax mails, which are messages forwarded to the reader requesting them to forward the message to as many people as possible and to copy the worded mail to a given e-mail address
- Profile and e-mail addresses posted on webpage
- White and yellow pages on the internet.

Text Box 3.2: **AFF offender's phishing letter**

**From:** "ebusinessgroup@a-zbank.com" <ebusinessgroup@a-zbank.com>  
**To:** emmysotande@yahoo.com  
**Sent:** Thursday, January 26, 2012 3:30 PM  
**Subject:** Internet Banking : Customer Update

**A-Z Bank**

We are writing to let you know that so many incorrect password has been entered in your Internet banking account, so we will like you to login to your account to confirm your identity.

You now need to verify your identity following the link below:

**Log In To Verify Your Customer Identity**

---

**Important Notice: Please Fill your details correctly to avoid account mismatch.**

Thank You  
Customers Service

A-Z Bank apologizes for all inconveniences arising from this Notice.

Thank you for using A-Z Bankk !  
Copyright© 2011 – A-Z Bank. All rights reserved.

Information on protecting yourself from fraud, please review the Security Tips in our Security Center.

Source: emmysotande@yahoo.com (junk mail, 26 January 2012)

After a substantial number of e-mail addresses of potential targets have been successfully harvested by the AFF offender, there is then the creation of a fictitious scam page, which requires the services of a web-designer. A web-designer is an information technology specialist who has knowledge on how to design webpages.



Figure 3.10: *Fictitious Online Form on a Scam Webpage***A-Z BANK PLC**

This site ensures that all information sent to us via the World Wide Web are encrypted. You can confirm the information provided by our certificate issuer by clicking on the padlock icon on your address bar.

2011  A-Z Bank Plc. A Member of First Group.

## Confirm Your Banking Records

Login Name\*

Password\*

Transaction Password\*

Confirm Transaction Password\*

E-Mail\*

E-Mail Password\*

Mobile Number\*

Source: [emmysotande@yahoo.com](mailto:emmysotande@yahoo.com) (July 21, 2012)

This involves the re-designing of a copy of an already existing bank's website page, mostly the online banking webpage, in order to fraudulently receive the bank

customer's details in the offender's computer backend (Addis, 2009: 33). Most offenders tend to falsify popular banks so that they can have sufficient targets from their harvested e-mail lists.

The AFF offender then scouts for a very convincing bank letter to be distributed to the bank's customers. The content of the letter always requests that the bank's customer to provide information about their online banking or makes a request for them to upgrade their online banking services. They may also instruct the customer to change his password, claiming that an unauthorised fraudster is attempting to login to the customer's account with several attempts. Thereafter, the letter will conclude by asking the customer to click the web link so that customer' details can verified.

When a scam letter is ready a fictitious webpage (scam page) is designed (Figure 3.10). The offender then seeks the services of the Internet service provider (ISP) for the hosting of the phishing site. This is the most sensitive stage of all, as any mistake in the turnaround time can result in suspicion from the bank, the legitimate owner of the site (Moore and Clayton, 2008).

In order to facilitate the turnaround time, the AFF offender then engages in the use of bulk e-mail software. This is to speed-up the dissemination process of the so-called online profile verification request. Thereafter, asking the unlucky bank customers within the pool of the harvested email list to verify their account information or to change their online password. The offender hides under the pretence that an unauthorised intruder has frequently tried to gain access to their online account.

### **3.5 Conclusion**

The relationship between the colonial masters (from the Global North in European states or the United Kingdom) with their colonised states in the West African region has a direct correlation with modern international trade patterns with West African countries. A unique relationship also occurs in the interactions of organised crime actors from the Global North to the Global South. The historical background of organised crime in Nigeria is traced to the abolition of the slave trade along the West African Atlantic coast in 1870. Therefore, the oldest organised crime in the West Africa and Nigeria is presumably in human trafficking. It was demonstrated

in this chapter how the slave trade continued in the West African coastal regions through smuggling due to the greed of African slave suppliers in the region and their counterpart offenders in Europe, who strived to meet the high demand for slaves in Europe and the United States after the abolition of the slave trade. In this context, the chapter evaluates the phenomenon of three major organised crimes in Nigeria, which are: human trafficking; drug trafficking and advance fee fraud. The contemporary trends and patterns of these crimes revealed the roles and schemes of the actors in the globalisation of crime.

In human trafficking, low socio-economic status victims from Nigeria are trafficked to Europe by road, sea and air with high profit and low risk to the organised crime actors in the Global South. The scheme of trafficking in persons in Nigeria is illustrated with criminal activities that exist in the supply end at the country of origin. The schemes of the middlemen actors and trafficking facilitators were also exposed in this chapter. Additionally, at the demand end in Europe, the *Madam*, the ring leader in the destination country, capitalises on debt bondage to maximise the proceeds of crime originated from the Global North. In the same vein, in drug trafficking, the phenomenon of source country, transit country and consuming country was adopted to illustrate how drug markets operate in the '*dark-side*' of globalisation. Furthermore, the recent trends in advance fee fraud suggested that the older generation of offenders adopted more defined organisational structures and roles than those of the newer generation of offenders. Whilst the old generation offenders profiting from trade in 'greed' originated from their victims in Europe and United States, the new generation of offenders have used information technology to manipulate identifiable information from their victims with the aim of profiting from identity theft when collaborating with loose networks of offenders located at the 'four-corners' of the earth.

## **Part 2**

# **Regime against Illicit Financial Flows of Organised Crime and Conceptual Framework**

## **Chapter 4**

### **The Regime against Money Laundering**

This chapter will look into definitions and context of money laundering (ML). These definitions will be categorised into both institutional and scholarly definitions of the term money laundering. It will also appraise the magnitude of the global problem of illicit financial flows. Following on from this, this chapter will evaluate the variety of global initiatives that exist to curb the problem of money laundering. These initiatives are demonstrated by the Regional and National governments in their anti-money laundering (AML) regime strategies and programs. It will finally evaluate the roles of the global and regional standard setters in combating money laundering. This evaluation will include the mandates of specialised supranational institutions collaborating with the global and regional standards setters in the fight against money laundering from the global South to the global North.

#### **4.1 Money Laundering Definitions and Context**

It has been suggested that the term ‘money laundering’ originated from Al Capone in Chicago and practices of the New York Mafia in the 1920s (John-Lea, 2005). John Lea (2005) postulates that the scam set up of a Chinese laundering scheme, passed the disguised illicit profits of criminal activities to the organised criminal groups by shielding the crime away from the profits.

Chapter 2 of this thesis discussed extensively the various types of transnational organised crimes (TOC) that are underlying offences to money laundering and also indicates their estimated market values. Money laundering is a “derivative offence”, which is linked with other forms of criminal conduct (Podgor, 2006), especially the illicit transactions and financial flows of organised crime groups. The conceptualisation of the term money laundering is complex and esoteric. This is because the offence of money laundering is considered a secondary crime. For instance, before money laundering would occur, there must be a primarily serious “uncommon” crime committed by the offender/s. Typical examples of underlying offences giving rise to money laundering include drug trafficking and human trafficking. This is also referred to as “predicate offences” to money laundering (Commonwealth Secretariat, 2006). These kinds of offenses are not categorised as a common crime and they are labeled as “uncommon” and/or “non-conventional” crimes (Buscaglia & Van Dijk, 2003; Van Dijk, 2008). The theoretical

context of money laundering refers to the “process by which any types of illegal proceeds are disguised to conceal their illicit origins” (Schott, 2006 cited in Rocha, 2011).

#### 4.1.1 What is Money Laundering?

This section will look at the various definitions of the term money laundering and it will further categorise its definitions within the Institutional and Social Science context. Following on from this, there will be a scholarly critique of the concept of money laundering in Chapter 5.

##### *Institutional Definition of Money Laundering*

The first institutional definition of money laundering originated from the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, the *Vienna Convention* (1988). It defines money laundering as:

“...the conversion or transfer of property, knowing that such property is derived from any [drug trafficking] offense or offenses or from an act of participation in such offense or offenses, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such an offense or offenses to evade the legal consequences of his actions; The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from an offense or offenses or from an act of participation in such an offense or offenses, and; The acquisition, possession or use of property, knowing at the time of receipt that such property was derived from an offense or offenses or from an act of participation in such offense or offenses” (Schott, 2006: 1-2&3).

The *Vienna Convention* limits the predicate offences of money laundering to drug trafficking alone, therefore, other serious offences such as: Trafficking in human beings and migrant smuggling; Sexual exploitation, including sexual exploitation of children; Illicit arms trafficking; Illicit trafficking in stolen and other goods; Corruption and bribery; Fraud; Terrorism, including terrorist financing and other serious crimes that are not drug trafficking are not covered under this convention (Schott, 2006). The shortfall of this convention is exposed through the displacement in the investigation, prosecution, seizure and confiscation of the illicit proceeds and “fruits” of other “serious crimes” which are unrelated to drug

trafficking within that period. Thus, the organised criminal groups move their criminal activities to other serious crimes where proceeds were not regulated and criminalised with this convention as a money laundering offence. This affects the global criminal justice system and the quest to follow the money trail of other related serious transnational crime committed by the offenders during this era.

In 1990, *Article 1(c)* of the Council of Europe Convention gave a clearer and detailed definition of money laundering as:

“...the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from an act of participation in such activity; the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such activity; participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counseling the commission of any of the actions mentioned in the foregoing indents.”

Knowledge, intent or purpose required as an element of the above-mentioned activities may be inferred from objective factual circumstances. It also posits that money laundering “shall be regarded as such even where the activities which generated the property to be laundered were carried out in the territory of another member state or in that of a third country.”

Another definition by international institutions is that of the United Nations Office on Drugs and Crime (UNODC) and the International Monetary Fund (IMF) that defined money laundering as “the process by which a person conceals or disguises the identity or the origin of illegally obtained proceeds so that they appear to have originated from legitimate sources”. Furthermore, the Financial Action Task Force (FATF) defines money laundering as “the goal of a large number of criminal acts is to generate profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds to disguise their illegal origin” (Carvalho, 2011).

In enjoying the “fruit” of crime, the criminals need to hide and disguise the true origin and ownership of the proceeds of their criminal involvements. The purpose for doing this is to avoid prosecution, conviction and confiscation of their ill-gotten wealth. This definition explores the act and the goal of the commission of a crime, and it illustrates that money laundering as a crime, cannot be completed in a circle

of one offender. It involves communication and role-playing of numerous offenders. Chapter 2 of this thesis explained in detail the characteristics, roles and acts of organised criminal groups in the globalisation of crime.

Consequently, the role players may include that of: a banker, who circumvents all rules and standards of compliance requirements of anti-money laundering regime applicable to the banking institution by circumventing the reporting of money laundering transactions and suspicious activities of the offenders to the competent authorities; an accountant or a lawyer who plays the role of gate-keepers, by using their firms as a front and vehicle for conveying the proceeds of crime and to shield away the offender from the crime, while acting for their clients, and; the lawyer may play an additional role of a real estate agent by transforming the profits of crime into investments in landed properties and other valuables assets. This role playing prevents the suspicions of the competent authorities being aroused sufficiently enough to give rise to an investigation of organised criminal groups and their associates.

This explains the criminal acts of role playing in a typical money laundering scheme, whilst the objective is to maximise the 'fruit' of the crime among the network of players.

#### *Social Sciences Definitions of Money Laundering*

One of the social sciences definitions of the term money laundering describe it as profits generated from "unlawful" and "lawful" activities, which include: corruption, drug trafficking, extortion, fraud, terrorism, vice and tax evasion, violation of exchange controls on lawful commerce (Levi, 1996:3).

The aim of these activities is the conversion of criminal proceeds to a form that allows the offender unencumbered spending and investment of the ill-gotten funds (Levi & Rueter, 2006:290). In Jack, Levi, Naylor, and Williams (2007), money laundering shields the evidence of perpetrator of the offence and prevents suspicion of the investigation action and/or activities of the law enforcement agencies on the offender. In the words of Chong and López-de-Silanes, "the forms may vary, but illegal activities that act as feeders to money laundering have always searched for processes to turn their proceeds into usable assets" (2007).



Graycar and Grabosky (1996) presents the term money laundering' as the "process by which the proceeds of crime ('dirty money') are put through a series of transactions which disguise their illicit origins, and make them appear to have come from a legitimate source ('clean money')". This definition uses transactions and origins to describe the term money laundering. For instance, organised criminal groups might consider investing illicit funds into legitimate businesses; this will involve engaging in a series of transactions in genuine enterprises, the offender might also consider buying a bank as the case was in that of the Bank of Credit and Commerce International (BCCI) (Levi, 1996; Schott, 2006).

The origins that attract such transactions are those high-risk jurisdictions where dirty monies are 'washed' and made clean for reintroduction back into the legitimate economy. The quest to shield illicit origins away from the profit of crime is the justification for transaction dealings between the actors of underworld and upper-world in the society where they operate.

According to Masciandaro (2007) "money laundering is an autonomous criminal economic activity whose essential function lies in the transformation of liquidity of illicit origin, or potential purchasing power, into actual purchasing power usable for consumption, saving, investment or reinvestment". Later, Van Dijk (2008) posits that it is the method in which the "successful" organised crime groups reinvest excess profits of their criminal activities in the legitimate economy. He further argued that the context of money laundering forces a criminal group to engage in financial operations that can help to hide the illicit origin of funds. In doing this, criminals may avoid the use of financial systems while manipulating their ill-gotten financial flows due to the existence of stringent controls and mechanisms to flag up illicit transactions of organised criminal group in those banks. On this basis, criminals choose to launder the proceeds of crime through an underground economy and trust-based banking systems that leave no trace of a money trail or their criminal activities (Van Dijk, 2008: 161, emphasis added).

The overall conclusion of the social sciences definitions is that money laundering is the counter measure adopted by the criminal organisations or individual offenders to shield away the proceeds of crime, which is the illicit earnings generated from both unlawful and lawful activities, from detection and prosecution of the competent authorities in the quest to profit from the rewards and 'fruits' of criminal activities.

#### 4.1.2 Money Laundering Stages

There is no specific way of laundering illicit funds (Commonwealth Secretariat, 2006). Nonetheless, the major concern of any criminal group is how to convert the illicit profits generated from criminal activities into legitimate earnings. The methods for the conversion may range from the buying and reselling of real estate, or luxury commodities, that would entail passing illicit funds through a complex web of both local and international legitimate businesses and “shell” companies (FATF, 2012; Commonwealth Secretariat, 2006). For instance, traffickers in human beings and migrant smugglers need to ensure that cash transactions of their illicit activities find their way into financial and non-financial systems.

Regardless of the crime, a complete money laundering transaction is often analysed in three stages. The organised criminal groups resort to placement, layering, and integrations in the process of converting illicit profits into legitimate ‘incomes’ (Schneider, 2010; Schott, 2006).

##### *Placement*

In stage one, which is known as placement, illicit profits are placed into the legitimate economy with the means of physical infiltration of cash into financial and non-financial systems (Schneider, 2010). The launderer inserts the “dirty” money into a legitimate financial or designated non-financial institution, in order to legitimise the proceeds of illegal activities so that the money is turned into “clean” money (Chong and López-de-Silanes, 2007; emphasis added).

This is the riskiest stage of the laundering process as it allows dirty money into the financial or designated non-financial institutions. The World Bank also posits that placement involves the separation of illicit funds from their illegal sources through injection of illegal funds into financial system or carriage of illicit cash proceeds across the borders (2009:5).

It is against this backdrop that the Commonwealth Secretariat (2006) postulates that placement is the “physical disposal of cash proceeds derived from illegal activities.” The aim of the launderer is to remove ill-gotten cash from the location of acquisition so as to avoid detection by the authorities, whom are responsible for following the money trails of the organised criminal groups.

In achieving this stage, the offenders may deposit criminal revenues into a regulated financial institution, for instance a bank or a mortgage company. These

deposits could be structured in such a way as to avoid reporting thresholds, since the offender is aware of the regulatory requirements of the financial and non-financial institutions to report transactions of a particular threshold, known as currency transaction reports (CTRs), to Financial Intelligence Units (FIUs).

For example, in Nigeria, currency regulations do not apply to savings or deposits below the threshold of \$10,000 or its equivalents in local currency. The offender therefore, injects and structures their large cash transactions below the CTRs threshold, by splitting the lodgment of cash into multiple transactions of numerous deposits below this threshold. These deposits may be banked or saved into different banks in different locations and/or different bank accounts with different names of account holders.

This creates gaps for the law-enforcement agencies and Financial Intelligence Units when following the suspicious money trails of the offenders during the investigation.

Furthermore, indirect placement outside the financial institutions can also be accomplished by buying expensive assets, such as antiques, cars, jewellery and other valuable items with illicit cash payments (Schott, 2006; The World Bank, 2009). These valuables can be resold during an integration process without creating suspicion on the proceeds of crime.

The incomes generated from them will now look as though they are proceeds from sales of assets and not proceeds from criminal activities when being taken to the financial institutions for lodgments. Additionally, the illicit profits can also be taken across the national and international borders without declaring the ill-gotten money to the customs authorities during their routine border checks.

Finally, the offender may also achieved placement of illicit funds by establishing a cash intensive business, such as fast-food/eat-out shop or supermarket. Setting-up of such outfit proffer the launderer with an opportunity of a front company that serves as a 'vehicle' convening the illicit profits and the proceeds of 'licit' investment into the legitimate economy. This clarifies the reason why "the three basic steps may occur as separate and distinct phases. They may also occur simultaneously or, more commonly, they may overlap" (Commonwealth Secretariat, 2006:9). Thus, submitted as the hybrid stage of money laundering.

### *Layering*

In stage two, the illicit gains are injected into the financial and non-financial institutions by the money laundering offenders and converted into multiple layers of complex transactions (Schott, 2006). This further shields away the proceeds of crime from their illegal source. The process separates the profits of crime from their source when the offender creates 'complex layers' of financial flows to disguise the audit trails and provide cover for the offender (Commonwealth Secretariat, 2006:9; Sharman & Chaikin 2009).

Layering involves sending the money through various financial transactions to change its form and make it difficult to follow the money trail. This is the most complex stage in any laundering scheme, and it is all about making the original dirty money as hard to trace as possible.

At this stage, 'transaction intensity and transaction speed' is higher using complex electronic transfers payment systems (Schneider, 2010). It was also argued by Schneider that inadequate collaboration efforts of the criminal justice systems in the global jurisdictions also played a major facilitating role in the layering stage. Layering of an offender's criminal proceeds may consist of (Schott, 2006:1-8): several bank-to-bank transfers; the use of several shell companies across the globe; conversion and movement of securities or insurance contracts to other institutions; wire transfers between different accounts in different names in different countries; purchasing of other easily transferable investments instruments and selling them through another company; buying and selling of precious metal, or valuable assets; making deposits and withdrawals to continually vary the amount of money in the accounts; purchasing high-value items (boats, houses, cars etc.) to change the form of the money.

### *Integration*

In stage three, the final process of laundering, the offender is re-introduced to transferred illicit profits in the legitimate economy (Commonwealth Secretariat, 2006; The World Bank, 2009; Sharman & Chaikin 2009; Schneider, 2010). The Funds then appears to come from legal transactions. The objective of the illicit integration of funds is to allow the offenders to utilize the 'fruits' of crime without creating suspicion that may warrant investigation activities and prosecution of the offender (Schott, 2006).

For effective integration to take place, the launderer could then set up a cash-intensive business such as a restaurant where the illegal funds could be injected into the business and reappear as fictitious profits or loan repayment. Or even set up a web of front companies with fictitious import/export businesses using false invoicing and fictitious transactions to integrate the funds as normal earnings of trade (see Chapter 6). It was presumed that the best method to integrate illicit profits of organised crime group is to own a bank (Gold & Levi, 1994:3; Text Box 4.1). This gives the organised crime group the opportunity to have control over the board and management of a bank.

**Text Box 4.1: Bank of Credit and Commerce International (BCCI): A case study of money laundering scheme**

The story of BCCI is one of complex criminality whereby bankers used their own bank to launder money. BCCI was founded in the early 1970s as the first multinational bank for the Third World. Its corporate structure was designed from the beginning to avoid effective banking regulation and supervision. The bank was first registered in Luxembourg and then in Grand Cayman, both jurisdictions with strong bank secrecy traditions. Further, BCCI established the headquarters of its operation in England. The fragmentation of the corporate structure contributed to the difficulty in supervision. Similar patterns of compartmentalization could also be found in its auditing practices and in the strict practice of watertight Chinese walls separating the various operations of BCCI. This deliberately evasive structure of BCCI allowed it to engage in dubious operations ranging from covering the bank's losses, embezzlement, and personal enrichment of the staff, moving money secretly, fraud, and money laundering. To achieve its purposes, BCCI relied on various methods, including mirror-image trading, front men, and off-balance sheet accounting techniques. In 1988 the bank was indicted for drug money laundering, and several BCCI bankers were convicted in 1990 on counts of laundering drug proceeds. This was the beginning of the demise of BCCI.

The role of BCCI in the laundering of the corruption proceeds of Manuel Noriega, the former president of Panama, provides an example of its laundering activities. Appropriating the funds of the Panama National Guard for his personal use, Noriega deposited \$23 million in BCCI accounts in Luxembourg and London between 1982 and 1986. In 1986, Noriega, with the help of BCCI, started a laundering operation aimed at obscuring the paper trail linking Noriega to the embezzled funds. To achieve that, the money was transferred from the various accounts held by Noriega in BCCI to the accounts of the Banco Nacionalede Panama at the Union Bank of Switzerland in Zurich and the Deutsche Sudamerikanische Bank in Hamburg, Germany. All the transfers were done in the name of Finley International, a company chaired and directed by Mr. Akbar, who happened to also be the president of Capcom, a commodities future company closely linked to BCCI. While the accounts were nominally held by the Banco Nacionalede Panama, they were in reality opened and controlled by Noriega himself. The funds were further shuffled to create more layers of transactions. They were first

consolidated into a single account held by the Banco Nacional de Panama at the Middle East Bank in London and then transferred to the accounts of "Finley's International Ltd." in the same bank. At last, Finley instructed the Middle East Bank to transfer \$20.5 million to Capcom where the money was credited to two coded customer accounts managed by Capcom and for which Mr. Akbar possessed power of attorney. Another \$2.6 million was paid to a coded account at the Trade and Development Bank in Geneva. All the transfers described above were portrayed as legitimate business transactions involving business capital, payments of fees, and bank deposits. This complex operation resulted in giving the funds legitimate appearance and obscuring the audit trail that linked them to Noriega. (This account is based on the Report to the Committee on Foreign Relations– United States Senate by Senator John Kerry and Senator Hank Brown in December 1992.)

Source: Schott, 2009:6-7

The BCCI case in the text box 4.1 illustrates how criminals can use the financial system to advance and integrate their illicit income generated from criminal activities where laws are lax. This means when a bank is being bought by criminal groups, laundering of funds will be seen as a usual way to integrate and shield the proceeds of crime. The consequential effect of this is financial system instability within the national economy of the bank location. Additionally, the depositors may lose their funds to the criminal group; unemployment and loss of investments by legitimate investors if a bank or another financial institution is closed down by authorities because of a high volume of seized or confiscated deposits of dirty money, or because sanctions are applied against the financial institution due to the commitment of money laundering.

In a nutshell, Integration is the provision of apparent legitimacy to criminally derived wealth. According to Commonwealth Secretariat (2006:9) "If the layering process has succeeded, integration schemes place the laundered proceeds back into the economy in such a way that they re-enter the financial system and appear to be normal business funds".

#### **4.2 Magnitude of the Global Problem of Money Laundering**

It was postulated that, without robust international, regional and national coordination on the efforts to combat money laundering, there would be less progress on the war against criminal organisations and their illicit profits which is the "fruit" of crime (Commonwealth Secretariat, 2006).

Furthermore, criminal organizations and their associates in crime have no interest in documenting the activities of their illicit financial flows in the globalization of crime (Schott, 2006). The clandestine nature of the crime makes it difficult to assess the volume of the threat of money laundering and its economic repercussions to the global development (Chong and López-de-Silanes, 2007). This has resulted in controversial debates between the anti-money laundering (AML) experts and the social scientists, in determining what the global estimate of money laundering is (Schott, 2006: 1-2&3; Levi, 2004; Van Duyne and Levi, 2005; Chong and López-de-Silanes, 2007; Schneider, 2010).

Furthermore, the international standard setters on anti-money laundering have not “invested in converting the image of speculation into approaching scientific insight into the phenomenon of money laundering and organized crime” (Schneider, 2010:6; Halliday, Levi, and Peter Reuter, 2014). Nonetheless, the vulnerabilities of money laundering are witnesses in all aspects of global economy, these include vulnerability of: Financial Institutions (FIs); Designated Non-Financial Businesses and Professions (DNFBPs), (the lawyers, accountants, real-estate dealers in particular); Money Service Businesses (MSBs); stock and capital market businesses; insurance sector; non-profit organizations; cash couriers; trade and commerce; underground economy; and the political space depleted by the Political Exposed Persons (PEPs) (FATF, 2013).

The global displacement on the fight against money laundering is determined by the “attractiveness index” of Walker; where he postulates a range of factors that provide opportunities to the organised criminal groups in the manipulation of their complex illicit financial flows that result in these vulnerabilities in the global economy (Walker, 2007 cited Schneider, 2010). This “attractiveness index” includes the role of: government towards curbing crime; corruption; conflict and war region; distance for trade flows; common language and colonial links; per capital income; borders (Walker and Unger, 2009:830-834); tax haven countries; and underground economy (Author’s own contribution).

According to Walker and Unger (2009) the political will of a particular country determines the attractiveness of that country to money launderers. A country without a political will to fight crime combined with bribery and corruption is a critical gateway in facilitating money laundering efforts to be successful (Schott, 2006). That is to say, the highest world ranking corrupt country will be more attractive to money laundering offenders,

since the corrupt leaders are vulnerable and interested in the laundering of their own national loots generated from that country. And if the corruption perception of a country is at a minimal level, the country will be less attractive to organised crime offenders and money-launderer.

**Table 4.1: Global Flows from Illicit Activities worldwide, years 2000/2001**

<b>Global Flows</b>	<b>Low (US\$ bn)</b>	<b>%</b>	<b>High (US\$ bn)</b>	<b>%</b>
<b>Drugs</b>	120	11%	200	12.5%
<b>Counterfeit goods</b>	80	7.5%	120	7.5%
<b>Counterfeit currency</b>	3	0.2%	3	0.2%
<b>Human trafficking</b>	12	1.1%	15	0.9%
<b>Illegal arms trade</b>	6	2.0%	10	0.6%
<b>Smuggling</b>	60	5.6%	100	6.3%
<b>Racketeering</b>	50	4.7%	100	6.3%
<b><i>Crime subtotal</i></b>	<b>331</b>	<b>31.2%</b>	<b>549</b>	<b>34.3%</b>
<b>Mispricing</b>	200	18.9%	250	15.6%
<b>Abusive transfer pricing</b>	300	28.3%	500	31.2%
<b>Fake transactions</b>	200	18.9%	250	15.6%
<b><i>Corruption</i></b>	<b>30</b>	<b>2.8%</b>	<b>50</b>	<b>5.1%</b>
<b><i>Commercial subtotal</i></b>	<b>700</b>	<b>66.0%</b>	<b>1,000</b>	<b>62.5%</b>
<b><i>Grand Total</i></b>	<b>1,061</b>	<b>100.0 %</b>	<b>1,599</b>	<b>100.0%</b>

Source: Capitalism's Achilles Heel, Baker 2005. Based on a review of studies of transnational crime, cited in Schneider, 2010)



Additionally, the prevalence of money laundering in any country generates additional criminal activities. Walker's model estimate reveals that corruption funds account for some 3 to 5 percent of global dirty money (2005).

Countries with robust and stringent anti-money laundering laws face a lesser risk of their monetary circulations being invaded with the illicit financial flows of organised criminal groups as compared to countries with weak and lax anti-money laundering laws coupled with high level of political, public and private sector corruption. The criminally generated money is about 31.2 to 34.3 percent of the global illicit flows (Baker, 2005). In the same vein, conflict and war threatened regions of the world would experience a higher flow of organised crime groups' proceeds as compared with those in times of peace and tranquility.

Additionally, even though physical distance is not important for money flows, since money is not goods that require transportation cost, money can be easily sent via internet and wire transfer, thus moving money faster than high speed train or supersonic aircraft. Therefore, the role of cultural distance, international trade, language and colonial links, play a major part in the attractiveness of the offender from one particular global jurisdiction to another (Walker and Unger, 2009). In Table 4.1, the Baker's calculation reveals that trade based and commercial money laundering related crimes account for around 66 percent of ill-gotten funds, which may include the illicit financial flows banked in tax haven jurisdictions and undisclosed illicit financial flows in the underground global economy.

Finally, another "attractiveness index" of money laundering is the per capital income of a country. Walker's model postulates that dirty money from the poorer countries attracts the richer countries in the global north. Baker (2005) rightly put it that the global estimate of illicit money flow range between US\$ 1.0 and 1.6 trillion annually. Half of this fund, estimated at US\$ 500 to 800 billion originated from the developing and transitional economics and end-up in major international banking centers of developed economics (Baker, 2005). The opportunities provided by various "attractiveness index" of money laundering pose a greater threat and danger to the global development and in particular, developing countries.

According to Schott (2006), the adverse implications of money laundering on developing countries include the following: the criminal activities are intense and profitable due to the existence of weak anti-money laundering (AML) laws and ineffective criminal justice

system; the lax enforcement of the AML regime, limits foreign investments and international grants and assistance for a particular jurisdiction; the reputational risk is potential for the financial institutions, this harms the integrity and the stability of the financial system in developing countries; the economy and private sector is compromised, since legitimate enterprises have to compete with 'shell' and front companies of organised criminals, the main objective of which to shield and protect illicit funds and not to make profits from legitimate enterprises. Therefore, products purchased with illicit funds can be resold below the cost price in the global economy by the offenders in order to expedite the quest to legitimise ill-gotten funds of their criminal activities, and; the money launderer within developing jurisdictions are capable of jeopardizing privatization, since they can outbid legitimate purchasers by acquiring formerly owned State enterprise with their ill-gotten funds.

It is against this backdrop, that the international community comes up with various global initiatives to combat money laundering and proceeds of organised crime. This will be discussed in the next section.

### **4.3 Global Initiatives for Combating Money Laundering**

In an attempt to protect national, regional and the global economy from the threats of money launderers and organised criminal groups, the international community rose on their feet to put mechanisms and strategies in place to curb the menace of illicit financial flows and money laundering activities of transnational organised crime groups. According to Commonwealth Secretariat (2006), international action to control the threat of money laundering started in the late 1980s. Previously, criminals adapted money laundering methods and techniques as a counter measure to shield their illicit proceeds of crime from the intervention of competent authorities in the various jurisdictions where they operated.

Amongst notable global initiatives that will be discussed in this thesis the following are included: the Vienna Convention; the Palermo Convention; the Council of Europe Convention; the European Money Laundering Directive; Commonwealth Strategies against Money Laundering; Financial Action Task Force roles in combating money laundering; and, other specialized supranational organisations against money laundering.

#### 4.3.1 The Vienna Convention

The Vienna Convention was the first initiative in combating money laundering in the international arena. In late 1988, the United Nations held a conference for the adoption of a convention against illicit traffic in Narcotic Drugs and Psychotropic Substances. The Vienna Convention became operational in 1990, and ratifying countries were obliged to domesticate and implement the following principles of the convention (Schott, 2006): (i) to criminalise drug trafficking and associated money laundering; (ii) to enact measures for the confiscation of the proceeds of drug trafficking; and (iii), to empower the courts to order that bank, financial or commercial records are made available to enforcement agencies, regardless of bank secrecy laws.

Before this time, the illicit profit from drug trafficking was not criminalised. Therefore, the offenders in drug trafficking “smiled their ways” to their banks, depositing and making withdrawals accumulated from their drug businesses. As a matter of fact, organised criminal groups at that time, re-invested part of their ill-gotten profits in the governance and economy of many global states where they operate. For instance, the Cabinet Office, UK suggested that in the United States, “investigation revealed that the Mafia controlled a number of the City’s principal industries and that criminal prosecutions had done little to force those industries from the Mafia’s grip” (2000).

The introduction of this initiative offers strategies and controls to the global states to separate the illicit profit and investments of narcotic drugs and psychotropic substances of organised criminal groups from that of legitimate business opportunities in the global economy. According to the UK Cabinet Office, “in the 1990s, a new strategy was implemented using the support and co-operation of every level of government – including review and analysis of the public and private construction process and systematic attack against the Mafia’s corrupt control of unions, construction firms, suppliers and vendors through corruption monitors and financial investigators. The strategy had the effect of liberating legitimate businesses. For example, the annual waste collection bill of the New York Postal Service was reduced from \$2.5 million to \$200,000 by removing Mafia influence from that sector of the market” (Cabinet Office, UK, 2000:24).

#### 4.3.2 The Palermo Convention

The next initiative arises from the *Palermo Convention* of the United Nations against Transnational Organized Crime, which was held in Palermo in 2000. This initiative was a follow-up to the Vienna Convention (The World Bank, 2009). The Vienna Convention only criminalised drug trafficking related crime as the underlying offence to money laundering.

Therefore, there was prosecution deficit on other serious crime, since they were not criminalised by the Vienna Convention. The organised criminal groups at that time, consequently, focused their criminal intentions on other serious transnational crimes that were not criminalised by Vienna Convention in the quest to maximise illicit profits during this criminalisation dispensation.

The localisation and full implementation of the Palermo Convention within the UN member States commenced on 29 September 2003, "having been signed by 147 countries and ratified by 82 countries" (Schott, 2006: III-4). The Convention advises all participant countries to implement a local law within their individual jurisdictions that would cover a wide range of underlying offences to money laundering.

The core deliverable of this convention includes the following (Article 6 & 7 of the Palermo Convention cited in Schott, 2006):

- *"to criminalize money laundering and include all serious crimes as predicate offenses of money laundering, whether committed in or outside of the country, and permit the required criminal knowledge or intent to be inferred from objective facts;*
- *to establish regulatory regimes to deter and detect all forms of money laundering, including customer identification, record-keeping and reporting of suspicious transactions;*
- *to authorize the cooperation and exchange of information among administrative, regulatory, law enforcement and other authorities, both domestically and internationally, and consider the establishment of a financial intelligence unit to collect, analyze and disseminate information; and*
- *to promote international cooperation among ratifying States".*

#### 4.3.3 The Council of Europe Convention

In 1990, the Council of Europe also adopted another *Convention on laundering, search, seizure and confiscation of the proceeds from crime*. According to Commonwealth Secretariat (2006), the Council recognises that criminal groups do not specialise in a specific crime, therefore the criminalisation by this Convention goes beyond that of the Vienna Convention which was limited to drug trafficking alone. The Council advises the European Union member States which ratified the Convention to apply the instrument on investigation of money laundering, search, seizure and confiscation of the proceeds of all serious crime in their jurisdictions.

The thematic focus of the Convention includes the following:

Article 3 (1) on confiscation measures provides that:

The Convention compels “each party to adopt such legislative and other measures as may be necessary to enable it to confiscate instrumentalities and proceeds or property, the value of which corresponds to such proceeds and laundered property of all serious crimes”.

Article 4 on investigative and provisional measures compels that:

“Each Party shall adopt such legislative and other measures as may be necessary to enable it to identify, trace, freeze or seize rapidly property which is liable to confiscation pursuant to Article 3, in order to particularly facilitate the enforcement of a later confiscation.”

Article 5 on freezing, seizure and confiscation states that “each Party shall adopt such legislative and other measures as may be necessary to ensure that the measures to freeze, seize and confiscate also encompass: (a) the property into which the proceeds have been transformed or converted; (b) property acquired from legitimate sources, if proceeds have been intermingled, in whole or in part, with such property, up to the assessed value of the intermingled proceeds; (c) income or other benefits derived from proceeds, from property into which proceeds of crime have been transformed or converted or from property with which proceeds of crime have been intermingled, up to the assessed value of the intermingled proceeds, in the same manner and to the same extent as proceeds.”

Article 6 on management of frozen or seized property provides that:

“Each Party shall adopt such legislative or other measures as may be necessary to ensure proper management of frozen or seized property in accordance with Articles 4 and 5 of this Convention.”

Article 7 (1) & (2) on investigative powers and techniques, provides that “each Party shall adopt such legislative and other measures as may be necessary to empower its courts or other competent authorities to order that bank, financial or commercial records be made available or be seized in order to carry out the actions referred to in Articles 3, 4 and 5. A Party shall not decline to act under the provisions of this article on the grounds of bank secrecy.” Whilst (2) provides that “without prejudice to paragraph 1, each Party shall adopt such legislative and other measures as may be necessary to enable it to:

- a. determine whether a natural or legal person is a holder or beneficial owner of one or more accounts, of whatever nature, in any bank located in its territory and, if so obtain all of the details of the identified accounts;
- b. obtain the particulars of specified bank accounts and of banking operations which have been carried out during a specified period through one or more specified accounts, including the particulars of any sending or recipient account;
- c. monitor, during a specified period, the banking operations that are being carried out through one or more identified accounts; and,
- d. ensure that banks do not disclose to the bank customer concerned or to other third persons that information has been sought or obtained in accordance with sub-paragraphs a, b, or c, or that an investigation is being carried out.

“Parties shall consider extending this provision to accounts held in non-bank financial institutions.”

#### 4.3.4 The European Money Laundering Directive

The most recent directive on money laundering control is the Fourth Directive of the European Parliament on the prevention of the use of the financial system for the purpose of money laundering (European Commission, 2015). The objectives of this Directive are centered on ensuring a robust internal market “by reducing complexity across borders, to safeguard the interests of society from criminality and terrorist acts, to safeguard the economic prosperity of the European Union by ensuring an efficient business

environment and, to contribute to financial stability by protecting the soundness, proper functioning and integrity of the financial system” (European Commission, 2015).

The 2015 Directive improves upon the existing situation after the implementations of the previous three directives (the first, second, and third Directives). The areas of improvements include the following:

- *“The scope of gambling was broadened beyond casinos to include the gambling sector;*
- *The currency transaction thresholds for traders in goods was reduced from €15,000 to €7,500 per transaction;*
- *The administrative sanctions were strengthened by introducing minimum principal based rules;*
- *The collection and reporting of statistical data were reinforced to ensure data comparability;*
- *The Directive introduced provisions to clarify the need for data protection on the interaction between anti-money laundering and combating terrorist financing;*
- *The inclusion of explicit reference to tax crimes as a predicate offence to money laundering;*
- *Companies are required to hold and report information on their beneficial owners and to maintain identification of beneficial owners within the range of 25% shareholdings of the companies;*
- *The anti-money laundering rules were reinforced to apply to supervision of companies within home and host countries;*
- *The introduction of a new compliance requirements to strengthen cross-border intelligence sharing among the Financial Intelligence Units (FIUs);*
- *Member States are required to conduct a country-wide risk assessment on their anti-money laundering vulnerabilities and to conduct enhanced due diligence on high risk transactions;*
- *The equivalence of third country regimes and the removal of “white list” process;*
- *The Directive introduced a risk-sensitive approach to the supervision of anti-money laundering reporting entities;*
- *The introduction of sensitive requirements to apply on domestic Political Exposed Persons (PEPs) working in international organisations”.*

#### 4.3.5 The Commonwealth Strategies against Money Laundering

The Commonwealth strategies to combat money laundering were introduced in 1993 after the drafting of the Commonwealth Model Law for member states by its Secretariat (Commonwealth Secretariat, 2006).

The Commonwealth Secretariat is responsible for drafting legal cooperation among its member states (Schott, 2006). It is in this vein, that the Commonwealth reviewed the legal framework of its member states in ensuring their compliance with international initiatives to combat illicit proceeds of organised criminal group (Commonwealth Secretariat, 2006).

The Secretariat also developed and published the *Guidance Notes for Combating Money Laundering in the Financial Sector* for its member states in 1996 (Schott, 2006). This guidance notes were domesticated by member states in their legal framework to combat money laundering within their various jurisdictions. In 2006, the Commonwealth Secretariat published a more comprehensive publication that contained the compendium of all international conventions and best practices to dry out the illicit financial flows of organised crime offenders, money laundering and terrorist financing. This book titled “*Combating Money Laundering and Terrorist Financing: A Model of Best Practice for Financial Sector, the Professions and Other Designated Business*”, has been recognised by the anti-money laundering experts as one of the leading publications for the purpose of combating money laundering (The World Bank, 2009).

### **4.4 The Global Standard Setters and Specialised Institutions in Combating Money Laundering**

This section evaluates the roles of the main global standard setters in combating money laundering within the international community. The main one being the Financial Action Task Force (FATF). Then it will shift to look at the mandates of the regional collaborators in controlling and regulating the threats of the money laundering at regional level. Furthermore, it will evaluate the functioning of the major key international specialized institutions collaborating with the global and national standards setter to secure financial integrity and global economy.

#### 4.4.1 Financial Action Task Force (FATF)

The frontier global standard setter for the fight against money laundering is the Financial Action Task Force (FATF) (Commonwealth Secretariat, 2006). The FATF was established in 1989 by the G7 (Campbell & Campbell, 2015). The mandate of FATF is “to set standards and to promote effective implementation of legal, regulatory and



operational measures for combating money laundering, terrorist financing and the financing of proliferation, and other related threats to the integrity of the international financial system. In collaboration with other international stakeholders, the FATF also works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse” (FATF, 2012).

The comprehensive framework, which countries should adapt to, towards the combat of money laundering is contained in the FATF 40 Recommendations (FATF, 2012). The FATF recommendations are of international standard which countries should implement to curb money laundering in their jurisdictions. The components of this standard are: to identify the risk, and develop policies and domestic coordination; to pursue money laundering; to apply preventive measures for the financial sector and other designated sectors; to establish power and responsibilities for the competent authorities (e.g. investigative, law enforcement and supervisory authorities) and other institutional measures; to enhance the transparency and availability of beneficial ownership information of legal persons and arrangements; and to facilitate international cooperation (FATF, 2012). The descriptive analysis of the FATF recommendations will be further discussed in the latter part of this chapter.

Furthermore, the FATF achieves its mandates by performing four key functions, which includes: standards setting; ensuring implementation and compliance with standards among its member countries; study techniques and typologies (methods) of money laundering, and; conducting outreach activities that aim to globalise anti-money laundering standards and practices.

### *Standard Setting*

In 1990, the first anti-money laundering recommendations of the FATF were drawn up to combat the abuse of financial systems from the laundering activities of organised criminal groups that were dealing in drugs (The World Bank, 2009). This action was necessitated to enable the FATF to implement the objectives of the Vienna Convention of 1988 that criminalised drug trafficking as an underlying offence for money laundering. In 1996 the recommendations were revised to include evolving money laundering trends and techniques and to broaden their scope to cover other serious crime (FATF, 2012). Furthermore, in 2001 the FATF expanded its recommendations to include issues relating to terrorist financing and terrorist organization. This resulted in the creation of additional nine special recommendations on terrorist financing (Commonwealth, 2006).

The latest revised recommendations of the FATF came out in 2012, where the FATF integrates the risks based approach into its standards and all member countries were to focus attention on areas where risks were higher and to adopt appropriate measures to mitigate those risks in their jurisdictions. The newly revised recommendations also include the standard to combat the financing of the proliferation of weapons of mass destruction (FATF, 2012).

### *Ensuring Compliance*

The FATF uses two types of internal review mechanisms to achieve member countries' compliance with anti-money laundering standards.

The first compliance mechanism is a **self-assessment** exercise that enables countries to fill a questionnaire designed by FATF on an annual basis (The World Bank, 2009:25). Consequently, the FATF secretariat then uses the answers provided in this self-assessment questionnaire to compile the rating report, which shows the successes or failures of country's compliance towards the implementation of these standards. The second mechanism for ensuring compliance is the **mutual evaluation** process in which a country is being evaluated by a team of experts delegated by FATF using a standard questionnaire coupled with a pre-set list of issues to determine the level of compliance by the country with the FATF standards (Schott, 2006). The outcomes of these two evaluations are discussed at the FATF plenary session after which the assessed countries are compelled to take measures towards correcting the shortcomings in their anti-money laundering regimes.

### *Conducting Money Laundering Typologies (Methods) Studies*

Typologies are the methods or ways in which money can be laundered by criminal groups. For example, small insignificant amounts of cash deposits can be lodged in bank accounts in multiple transactions. The frequency of these transactions may range between 20 to 30 multiple transactions. This is carried out by the offenders, to avoid reaching reportable thresholds of the country's regime. Therefore, the offender then chooses to break large amount of cash transactions into smaller units of cash deposits. These pools of multiple transactions of proceeds of crime will form large sums of funds capable of purchasing valuable assets such as automobiles, antiques, and jewellery (Schott, 2006). This method in which smaller units of cash is being deposited using multiple but different transactions at the bank to form huge amounts of cash balances in the offender's bank account is known as typology of money laundering.

The typologies studies are the third core function of the FATF and it is being performed by the FATF multi-disciplinary groups of experts who deliberate in various working groups at its plenary meetings on an annual basis (The World Bank, 2009; Schott, 2006). The experts usually pool together the information on new trends and methods adopted by the offenders engaged in money laundering within its member states. The intelligence gathered from this information is shared among member states to provide counter-measures in curbing the menace of money laundering in their jurisdictions (GIABA, 2013b). Notwithstanding this, the FATF secretariat usually comes up with new indicators of money laundering methods to guide the stakeholders on how to detect new trends and contemporary money laundering issues. The information on typologies studies conducted by the FATF is periodically published in the FATF annual report (GIABA, 2015).

### *Outreach*

Furthermore, the FATF has responsibility to reach-out to the stakeholders whenever new indicators and trends on money laundering are discovered by them (Schott, 2006). For instance the FATF representatives could attend meetings of financial institutions or designated non-financial businesses and professions (DNFBPs) to share with them the threats, schemes, trends and new techniques used by the money-launderers. The feedback from such meetings can provide necessary counter-measures and strategies to curb this crime in a globally (GIABA, 2012b).

#### 4.4.2 The United Nations (UN)

The first supranational organisation that embarked on the fight against money laundering on the international arena is the UN (United Nations, 2000b; The World Bank, 2009). The reason being that, the UN as an international organisation has the highest number of member states as compared with other supranational bodies throughout the world (Schott, 2006:III-2). Therefore, there is a need for the UN to protect the economic stability of its member states and to secure the integrity of member states' financial systems from becoming vulnerable to criminal groups and organisations as well as money launderers. It is in this vein, that the member states of the UN delegate their authority to the UN Security Council to regulate and provide oversight functions on issues which threaten the economic stability and national security of member states. Consequent to this, the UN Security Council has the authority to bind all member countries through a Security Council Resolution (Schott, 2006: III-2; Vlcek, 2011; FATF, 2013).

In order to curb the menace of money laundering within member states, the UN has dedicated a programme to fight money laundering within member states, which is known as the Global Programme against Money Laundering (GPML), and its headquarters is located in Vienna and Austria, as a specialised unit of the United Nations Office of Drugs and Crime (UNODC). The UN Global Programme against Money Laundering's (GPML) objective is to provide research and technical assistance for the UN member states as follows (GPML, 2004 cited in Schott, 2006):

- *“to raise the awareness level of the threats of money laundering among key institutions and persons in UN member states;*
- *to assist in creation and development of institutional frameworks, in particular providing technical assistance for financial intelligence units to curb money laundering among its member states;*
- *to assist in creating legal frameworks by supporting model legislations for both common and civil law member countries;*
- *to provide capacity building for legal, judicial, law enforcement agencies, regulators and the private financial sectors;*
- *to promote a regional approach to addressing problems of money laundering and other related threats of member states;*
- *to develop and maintain strategic relationships with other competent organisations; and*
- *to maintain a database of information and undertake analysis of key information for the achievement of its mandates”.*

#### 4.4.3 The World Bank and the International Monetary Fund

The World Bank and IMF incorporated the FATF recommendations into their standards and codes list of their operations in 2002 after their Boards' approval (The World Bank, 2009:30).

Consequently, the World Bank and IMF included these recommendations in their assessment frameworks to prevent the menace of money laundering within the global financial system (The World Bank, 2009; FATF, 2012). It is against this backdrop that the Bank and the IMF have continued to provide capacity building and technical support for their member states to help build the implementation and compliance requirements of the anti-money laundering regime in their jurisdictions.

For instance, in 2007, the World Bank provided comprehensive training for the competent agencies responsible for the fight against money laundering in Nigeria. Additionally, from 2010 to 2014, the IMF provided independent technical assistance to Nigeria to help review its AML frameworks before the mutual evaluation of the FATF (CBN Regulator 2). The IMF and the World Bank officials serve as the major assessors of the FATF's Mutual Evaluation of countries' compliance to the anti-money laundering regimes (Halliday, Levi & Reuter, 2014). The Bank and the IMF also provide technical assistance for countries to help support their AML evaluations and required training for their independent assessors (Halliday, Levi & Reuter, 2014).

#### 4.4.4 The Basel Committee Statement

The Basel Committee on Banking Regulation and Supervisory Practices was established in 1974 by 10 Nations banking regulatory authorities (The World Bank, 2009). This Committee comprises of the central bank governors of those nations (Vlcek, 2011; The World Bank, 2009). The Committee is responsible for the creation of supervisory standards, guidelines and recommendations of best practices for its members to adopt for the enhancement their banks' integrity (FATF, 2012). The Committee adopted a statement of best practices on money laundering in 1988 and this was incorporated into the ethical standards of professional conduct which banks should comply with (Alexander, 2000; Schott, 2006). The Committee advises that banks should monitor the deposits originated from proceeds of crime and must cooperate with their local law enforcement agencies in fighting money laundering (Schott, 2006).

Amongst the standards produced by this Committee for the banks are the General Guide to Account Opening and Customer Identification and Customer Due Diligence for Banks (FATF, 2012). These guidelines compel banks to know their customers and to disapprove transactions of customers whose identification documentations are deficient (Schott, 2006; Vlcek, 2011).

#### 4.4.5 The Egmont Group

In 1995, 13 Financial Intelligence Units (FIUs) came together to establish the Egmont Group. The Egmont Group has evolved over the years and as at 2015 comprised 151 member FIUs (<http://www.egmontgroup.org/about>). The FIUs are the governmental agencies responsible for the collection, analyses and dissemination of financial intelligence reports on the money laundering offenders to the various competent agencies designated to fight financial crime, organized crime and other serious crimes

among global states (The Egmont Group, 2012). The group highlights the conditions and principles which its members must adhere to in exchanging information between Financial Intelligence Units for the investigation of money laundering cases. The objectives of this group are to improve international collaboration and intelligence sharing among the FIU members registered with this Group (The World Bank, 2009).

The Egmont Group support its members' FIU as follows (The Egmont Group, 2012): Expanding and systematizing international cooperation in the reciprocal exchange of information; Increasing the effectiveness of FIUs by offering training and promoting personnel exchanges to improve the expertise and capabilities of personnel employed by FIUs; Fostering better and secure communication among FIUs through the application of technology, such as the Egmont Secure Web (ESW), this secure website is not made available to the public for information sharing (The World Bank, 2009); Fostering increased coordination and support among the operational divisions of member FIUs; Promoting the operational autonomy of FIUs, and; Promoting the establishment of FIUs in conjunction with jurisdictions with an AML/CFT program in place, or in areas with a program in the early stages of development.

It also has five Working Groups that meet periodically, working together to accomplish "its mission of development, cooperation, and sharing of expertise" within its members' FIU (The Egmont Group, 2012). The first is the Information Technology (IT) Working Group, which gives technical advice to newly established and existing FIUs on designs and deployments of relevant technology and software that can aid the analysis of data for intelligence sharing of their members. Second is the Legal Working Group (LWG) which reviews the candidacy of potential members and handles all legal aspects and matters of principle within Egmont, including cooperation between FIUs (Egmont Group, 201). Third is the Operational Working Group, which brings FIUs together on typologies development and other strategic programme, which include long term projects of its members. The fourth is the Outreach Working Group that creates a global network of FIUs. This Working Group is responsible for the identification of suitable FIUs for candidature and ensuring them meeting up with the Egmont Group standards (The Egmont Group, 2012). The fifth and the final Working Group is the Training Working Group that identifies training needs, capacity building and opportunities for FIUs and their personnel, and conducts training seminars for Egmont members as well as for non-Egmont members' jurisdictions (The Egmont, 2012).

#### 4.4.6 The FATF-Style Regional Initiatives

The FATF-Style Regional Bodies are strategic platforms engaged in ensuring the implementation of FATF's recommendations to combat money laundering within their respective regions (Schott, 2006: IV-1). The FATF-Style Regional Bodies that are currently working with FATF are (FATF, 2012; The World Bank; 2009):

- Asia Pacific Group on Money Laundering (APG) based in Sydney, Australia;
- Caribbean Financial Action Task Force (CFATF) based in Trinidad and Tobago;
- Eurasian Group (EAG) based in Moscow, Russia;
- Eastern & Southern Africa Anti-Money Laundering Group (ESAAMLG) based in Dar es Salaam, Tanzania;
- Latin America Anti-Money Laundering Group (GAFILAT) [formerly South American Anti-Money Laundering Group (GAFISUD)] based in Buenos Aires, Argentina;
- West Africa Money Laundering Group (GIABA) based in Dakar, Senegal;
- Middle East and North Africa Financial Action Task Force (MENAFATF) based in Bahrain;
- Council of Europe Anti-Money Laundering Group (MONEYVAL) based in Strasbourg, France (Council of Europe).

In the West African region for instance, the FATF Style Regional Body is the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) based in Dakar, Senegal, and its objectives are implied in the word 'FATF style' which means that it function like the FATF (GIABA, 2015).

The only difference is that, the FATF has a global mandate to curb money laundering while the Regional Style Bodies encourage and supervise the implementation of the FATF's Recommendations within their member states (GIABA, 2012). They provide technical assistance to member states on their specific circumstances and help to develop their anti-money laundering regimes (GIABA, 2013). They also provide annual typology reports to member states to enlighten them about current trends, techniques and other contemporary issues of money laundering within their regions (GIABA, 2010; Schott, 2006).

They assist member states to administer their various mutual evaluations of their compliance with the FATF's anti-money laundering standards. This evaluation is rated

on a scale of Largely Compliance (LC), Compliance (C), Partial Compliance (PC) and Non-Compliance (NC) (GIABA, 2014). These compliance ratings help determine the strengths and weaknesses of the member states' anti-money laundering regime. Consequent to the completion of the mutual evaluation reports by the regional assessors, the results of the mutual evaluation are shared with member states in ensuring further follow-up to improve on their areas of weaknesses and to maintain their prospects in the case of being largely compliant to the anti-money laundering regime (GIABA, 2011).

#### **4.5 Conclusion**

In order to have a complete in-depth understanding about the regime against money laundering, this chapter explored the definitions and context of money laundering. The term money laundering explains how offenders will disguise the proceeds originated from criminal activities in the quest to disassociate the identity and illicit origin of the funds from the predicate or underlying offences of the crime. The stages of money laundering explained the processes of making 'dirty' money (illegally obtain proceeds) looks legitimate within the environments where criminals operate. These stages are categorised into three areas. The first stage of the process is called '*placement*', this involved infiltration of the proceeds of crime into the economy in order to make them look legitimate. The second stage is '*layering*', at this level illegal gains are injected into complex layers of transactions within financial institutions (FIs) or designated non-financial businesses and professions (DNFBPs), so as to shield away the 'fruit' of crime from their illegal origin. The final stage '*integrates*' the proceeds of crime into the legitimate economy. At this stage, offenders convert the proceeds of crime into lucrative investments that further generate legitimate incomes as future savings, for instance, offenders may earn rent from a property acquired with the proceeds of crime. The magnitude of the global problem of proceeds of organised crime witness numerous vulnerabilities amongst the global jurisdictions, these susceptibilities were charted in this chapter.

The anti-money regimes suggested the initiatives and instruments applied within the global states in addressing the threats and proceeds have originated from the operation and commission of all serious crime. These proceeds of serious crime include that of organised crime groups. The first global instrument combating the proceeds of organised crime is the *Vienna Convention* that labelled drug trafficking



and related crimes as underlying offences to money laundering. The implementation of the *Vienna Convention* witnesses operational impediments to combat other serious crime that are not drug trafficking related offences in the late 1990s. Therefore, the United Nations in 2000 initiates a further instrument called the *Palermo Convention* on Transnational Organized Crime to address the loophole for combating serious crime within a global context. Other initiatives and instruments that were extensively discussed in this chapter are the *Council of Europe Convention*, the *European Money Laundering Directive*, and the *Commonwealth Strategies against Money Laundering*. The implementations of these initiatives are coordinated and supervised by the global standard setters and specialised institution mandated to curb money laundering amongst international communities. The Financial Action task Force (FATF) is the leading standard setter for regulating and combating the menace of proceeds originated from organised crime and other serious crime within global jurisdictions. The chapter concluded by exploring the regime of anti-money laundering legislation in Nigeria. The next chapter is the conceptual framework for this thesis. The chapter uses the theoretical framework of rational choice theory and the anti-money laundering framework to frame organised crime in Nigeria.

## **Chapter 5**

### **Framing Organised Crime in Nigeria: Rational Choice Theory and Anti-Money Laundering Framework**

The conceptual framework adopted in this thesis comprises the rational choice approach and the Anti-Money Laundering (AML) Framework. The rational choice theory of this thesis seeks to evaluate law-violating behaviour of the organised criminal offender when conducting illicit transactions and financial flows in the international arena. On the other hand, the AML framework seeks to provide a mechanism for combating illicit transactions and businesses of organised crime within the global states, West Africa and Nigeria in particular. The concept of cybernetics in relation to the design of an AML Transaction Validation Model was also explored. This AML Transaction Validation Model seeks to adopt a scientific approach in validating the customer identification procedure within the financial institutions and other reporting institutions of AML regimes in order to achieve effective implementations and better compliance requirements for the reporting institutions within the regimes. This model also provides the mechanism to follow the money trail of the illicit flows that may originate from the vulnerabilities of these reporting institutions. Additionally, the law enforcement agencies and other competent authorities can tap into this AML Transaction Validation model to drive-out the ill-gotten funds within the regimes of AML. The model also enhances the concept of financial system integrity, since only validated and authenticated transactions can pass through the core banking processes of the financial institutions (hereinafter, FIs) and other financial institutions (OFIs) using the AML Transaction Validation Model. Additionally, the AML Transaction Validation model will increase the risk of committing identity theft by the cybercrime offender who usually steals the financial information of the banks' customer. This will be analysed in the body of this chapter.

#### **5.1 Rational Choice Theory**

The rational choice perspective on criminal behaviour can locate criminological findings within a framework particularly suitable for possible policies (Cornish and Clarke, 2008; Mckenzie and Tullock, 1984; Mehlkop and Graeff, 2010). It has been suggested that criminality is the consequence of rational actors' and active decisions concerning the costs and benefits of crime (Becker, 1968; Mehlkop and Graeff, 2010).

Clarke (1997:9-10) assumes that for offenders “crime is purposive behaviour designed to meet their commonplace needs for such things as money, status, sex, excitement, and that meeting these needs” involves “making (sometimes quite rudimentary) decisions and choices, constrained as they are by limits of time and ability and the availability of relevant information”.

Rational choice theory describes law-violating behaviour as an event that occurs when an offender decides to risk violating the law, which is predicated upon the search for pleasure and the avoidance of pain to achieve social opportunities such as physical well-being or social recognition (Siegel, 1992:131; Hayward, 2007; Mehlkop and Graeff, 2010). Bentham ([1789] 1948) posits that nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do’. In rational choice theories of crime, pleasures are all proceeds from crime, and pain the possible consequences of being punished.

Historically, the rational choice theory is located in the classical school (this one of the theoretical school of taught in criminology) of Jeremy Bentham ([1789] 1982) and Cesare Beccaria ([1764] 1963). The main arguments of their theories are (Keel & McKernan, 1997):

- *“Human beings are rational actors;*
- *rationality involves an end/means calculation;*
- *people (freely) choose behaviour, both conforming and deviant, based on their rational calculations;*
- *the central element of calculation involves a cost benefit analysis: Pleasure versus Pain [or hedonistic calculus];*
- *choice, with all other conditions equal, will be directed towards the maximization of individual pleasure;*
- *choice can be controlled through the perception and understanding of the potential pain or punishment that will follow an act judged to be in violation of the social good, the social contract;*
- *the state is responsible for maintaining order and preserving the common good through a system of laws (this system is the embodiment of the social contract); and*

- *the swiftness, severity, and certainty of punishment are the key elements in understanding a law's capacity to control human behaviour".*

### 5.1.1 Limitations of Rational Choice Theory

Building universal theory for crimes evaluation can be very difficult from the criminological point of view. In addition, Rational Choice Theory (RCT) is constructed in a way whereby the action of the offender towards crime is considered to be chosen behaviour, both conforming and deviant, based on their rational calculations involving a cost benefit analysis: *Pleasure versus Pain*. Notwithstanding this principle, the *rationalist concept of action* of the offender cannot be applied universally in understanding crime (Hodgson, 2012). The RCT failed to account for historical, cultural and institutional specificities of crime, which analysed and included belief of a certain behavioural action as against the cost of the action itself (Kosether, 1959; Hodgson, 2001). Therefore, cost benefit of a certain criminal action is not always instrumental when self-interest is the driver and motivational factor for committing crime (Boudon, 1998). These limitations made the application of RCT difficult in criminology.

Nevertheless, in the situation whereby the offender would have to incur cost for the perpetration of a crime, such as buying illicit drugs in the production countries and trafficking them for profit in the consuming countries, in the case of drug trafficking and other related illicit trafficking 'businesses' identified in this thesis, the application of RCT is very relevant in evaluating these crimes. The cost implications for the procurement of illicit products in relation to the risk of being caught or loss of illicit investments when illicit products are confiscated versus the benefit derived when illicit products are successfully smuggled and translated into illicit proceeds of crime within the global market is the reason why the researcher explored RCT as an alternative to other criminological theories.

## 5.2 Business Opportunities Decision Modelling: The Nigerian Organised Crime Offenders

Organised crime (OC) actors in Nigeria are like "normal" businessmen in making decisions. In the legal economy, actors seek business opportunities, weigh risks, and strive to advance their business. Likewise in the illegal business, offenders explore crime opportunities, weigh risks and decide on committing a crime. Consequently, in order to understand the decision-making process of the Nigerian

OC offenders and the implications of their illicit financial flows from a rational choice perspective, this research suggests three key concepts: Value, Accessibility and Transaction (VAT) to describe the business opportunities and decision-making processes in transnational organised crime in Nigeria.

Figure 5.1: **VAT Concepts**



Source: Author's own concept

### 5.2.1 Value

The first phase in the decision-making of the Nigeria OC offender involves the determination of the value of the criminal opportunities available in the global South (Nigeria) and the global North (European states). The rudimentary decisions here focus on the gains or benefits of the crime vis-a-vis the costs of being caught and loss of goods and money. At this phase, the OC offender would ask the following questions: What is the value of the crime to be committed? What consequences are involved when caught? How large are the proceeds of crime when not caught? And concludes with an assessment of whether the crime is worth committing.

In many crimes, the valuation of targets is a complicated matter (Yar, 2005). However, an offender will only be interested in valuable targets (Felson and Clarke, 1998). These targets will vary in accordance with the social and economic value of particular goods at a particular time (Felson, 1998:55). The reduction in the economic value of the illicit drug market in the US has resulted into the reaction decision of the Nigerian drug traffickers to focus their attention in the newly emergent markets in European states. The example of such illicit flows of goods

and transactions into Europe markets will be explored in Chapter 6 of this thesis. This new market is capable of offering valuable targets for Nigerian actors (UNODC, 2010). This is what Webster called 'Information Economy' (2002) in his *Theories of the information society*. In the recruitment of a drug courier for instance, the drug dealers will target strangers, holiday-makers by tricking them into acting as a courier, fellow countrymen who have resident permits from European or North American Countries, or Nigerians who possess foreign passports (Ellis, 2009). These are valuable targets to drug dealers who frequently trick for a fee to the courier to transport the illicit product to the European market. In the case of cyber-scammers, their valuable targets are those people who responded to their 'call' after receiving an unsolicited email or those people who frequently used their credit or debit card on the phishing websites. Marilyn Dyrud (2005) put the estimate of valued targets on Nigerian email scam at 1-2 percent of the unsolicited emails sent by the scammers to their targets. Therefore, for every 1000 unsolicited emails sent out; at least a scammer would obtain 10 valuable target replies. In the oil bunkering (see detail discussion on oil bunkering in Chapter 2) the target of the offenders ranges from object and persons, which includes: hostage-taking of foreign oil workers for valuable ransom (Ebienfa, 2011) and the pillaging of oil pipelines for value (BBC News 27 July, 2008).

For instance, the global market value of illicit flows of people, goods and financial assets of an organised crime group are worth the following:

- Drug trafficking - \$210 billion in 2011 (UNODC);
- Human trafficking - \$ 32 billion in 2009 (ILO, 2009);
- Advance fee fraud - \$ 9.3 billion in 2009 (Ultrascan, 2009).
- In the assessment of the value of the illicit business, the following facts will be taken into account by Nigerian OC offenders:
  - In illicit drug trafficking , the value of narcotic drugs are far higher in Europe and American markets;
  - In human trafficking, children and young girls from the global South are more valuable assets to traffickers;
  - In Advance Fee Fraud, identity information from the targets in the global North is of crucial value to the Nigerian AFF offenders.

### 5.2.2 Accessibility

Felson (1998; 58) posits that the term “access” refers to the ‘ability of an offender to get to the target and then get away from the scene of a crime’. However, in the distribution of transnational crime in Nigeria, accessibility to the target is far beyond the crime scene. This access denotes globalisation of crime; new route, new market, new customers, access to information and technology.

It is no doubt that globalisation offers many crime opportunities to the offenders. When the illicit drug market in the US became difficult and less profitable, there was an immediate shift of the illicit drug market from US to the European states (UNODC, 2005). Globalisation has not only facilitated the interactions of legitimate actors, but it also grants crime opportunities to the illegal actors to contribute their stake in the ‘global development’. They do this by creating ‘illicit order’ to access their targets from the global south down to the global north.

Additionally, the combination of extremely low distribution cost of scam information on the internet is facilitated by the accessibility of the targets (Leyden, 2003). The Advance Fee Fraud scam actors exemplify the challenge offered by the internet to the dominance of states by allowing individuals and movements to create social space that transcends borders, as a normative of accessibility of the targets by the offenders in the development of routine activity approach of crime opportunity (Zook, 2007; apophysis added).

In the second phase of this decision-making, the OC offender seeks to analyse the access to the targets and goods. The main questions in this phase include: How can the crime opportunities target be accessed? How difficult is it to achieve access? What can be done to solve the difficulties of access? How large is the risk of access?

Notwithstanding the high risk of accessing the major illicit market in the global North, the OC offenders in Nigeria usually explore new ways of reducing the risks encountered during this phase. Usually, the OC offenders achieve their access in the following ways:

- Illicit drug trafficking: access to new drug routes in the consuming markets and access to the producing markets;
- Human trafficking: access to poor children and young girls from the global South by deceiving their parents with the promise of hope for a better life,

access to legalised markets for prostitution in Europe and bribery of law-enforcement agents (UNODC, 2005) ;

- Advance Fee Fraud: the use of a variety of software to access targets online without being detected during the process e.g. e-mail harvesters are used to extract e-mail addresses from targets without their knowledge and provides access to the money mules. A money mule is someone who allows his or her personal account to be used for the transfer of illegal funds for a small commission in the country where the targets are located.

### 5.2.3 Transaction

In the third phase of the decision-making process the OC offender seeks to assess and manage the risks of conducting the illicit business after gaining access to targets in both the commodity and consuming market. In the case of advance fee fraud, transactions are conducted via cyberspace through the internet.

This involves the movement of illicit flows of funds related to both the business and proceeds of crime. For instance in drug trafficking:

- Using financial institutions to channel the financial flows of drug procurement at source country, while using shell companies as a cover for illegal business (GIABA 2010a);
- Concealment of bulk purchased drugs from source country in Bolivia in the importation of a floor tiles consignment to Nigeria (NDLEA, 2011);
- Recruitment and remuneration of drug couriers to smuggle the drugs to the consumer markets in Europe (NDLEA, 2011), and;
- Using the proceeds of crime to purchase goods in Europe and selling the goods in Nigeria to legitimise the proceeds of crime.

For a successful transaction to occur, the OC offenders need to assess and manage three major transactional risk elements, which include the following: transaction risks at the supply market; transaction risks at transit point; and transaction risks at the demand market.

#### *Managing the Risk in the Supply Market by the Organised Crime Offender*

The illicit commodity and the transaction need to be covered up in such a way that they will not be detected by law-enforcement agencies (LEAs) at the source country. Illicit products are concealed in imported goods such as building materials



and other imported goods from the source countries. This will prevent and secure the illicit goods and investments from being seized at both supply market and transit point. In managing this risk, the OC offenders may establish a legitimate business to serve as a front business for illegal goods (Schott, 2006). Subsequently, offenders will use vulnerable financial institutions to channel the financial flows and goods through the front enterprise. Products of illegal business can then be concealed within the products of the legitimate enterprise in the source country where both legal and illegal businesses were supplied. For instance, drugs can be concealed in the floor tiles originating in a source country where the drug is produced. The financial transaction of a floor tiles enterprise is legal. However the financial flows attached to it by far exceed the value of the legal goods, and need be diverted through money laundering.

#### *Managing the Risk in the Transit Country (Nigeria)*

The illicit commodity in the transit country in Nigeria has to enter the county legally through customs. Normally, Nigerian Customs Service is required to conduct 100 percent inspections on all imported goods to Nigeria. Managing the risk of 100 percent inspection at the Nigeria seaport requires the collaboration of a corrupt senior law-enforcement officer who can give a directive to waive a 100 percent inspection of the goods imported by the OC offenders in Nigeria. The offender can then secure the illicit goods by paying bribes to the poorly remunerated low ranking officers of the customs service.

#### *Managing the Risk while Trafficking the Goods to the Demand Markets*

In order to bring the illicit commodities to the demand market, OC offenders disperse the risk by recruiting many drug couriers in the case of drug trafficking to embark on the same flight so that if some of them are arrested others will go undetected (UNODC, 2005). This risk is managed by drug courier specialists who recruit drug couriers from international students studying at demand markets, holiday-makers traveling to demand markets and the Nigerian individual with EU nationality or other nationality from other countries that have access to demand markets (NDLEA, 2009). The drug couriers manage the risk of distribution by carrying the illicit goods in their bodies. This may be achieved by ingesting the

drug or carrying them in their luggage via international borders to the demand markets located in the Europe (Ellis, 2009).

This technique also applies at the destination country with a larger number of retailers carrying smaller amount of goods and money in managing this risk. Chapter 2 of this thesis elucidates further the normative of the risk management by the OC offender and their associates at demand markets located in Europe and America.

### *Managing the Risk of Proceeds of Crime*

The proceeds of crime as generated in the destination countries have to be disguised and channelled back to the offender. In order to prevent the risk of loss of profit accrued from crime by the Nigeria OC offenders, foreign partners may be used to divert the profit of crime into the procurement of legitimate goods at the site country in Europe. The legitimately imported goods can be sold below the cost price in Nigeria and the income from crime is re-integrated into the legal economy, e.g. importing of luxury cars from Europe and selling them in Nigeria (NDLEA, 2013). The Chapter 6 will further explore how the financial flows of OCGs are linked to the mode of operation of each specific type of organised crime evaluated in this research.

### **5.3 Increasing the Risks of Organised Crime Transactions: Anti-Money Laundering Framework**

Any enhancement of the risks of transactions will increase the value of goods. Therefore law enforcement has a paradox effect. It increases the prospective value and therefore the incentive to commit the crime. In order to increase the detection of the transactions and to intercept the financial flows of the illegal business of OC group in West African and Nigeria in particular, Anti-money laundering (AML) framework must be applied to curb the menace of illicit financial follows.

The FATF 40 Recommendations constitute the framework that countries should implement to increase the risk of committing organised crime and money laundering within the global communities, West Africa and Nigeria in particular. The components of the AML framework include (FATF, 2012:7):

- “to identify the risk, and develop policies and domestic coordination;

- to pursue money laundering and other related serious crime;
- to apply preventive measures for the financial sector and other designated sectors;
- to establish power and responsibilities for the competent authorities (e.g., investigative, law enforcement and supervisory authorities) and other institutional measures; and
- to facilitate international cooperation”.

The above elements of the AML framework of the FATF will be discussed in turn in this section to reflect how it increased the risk of organised crime transactions and business in general, and Nigeria in particular.

### 5.3.1 AML Policies and Domestic Coordination to Combat the Organised Crime Risks

For all countries to curb transactional risks of the organised crime group and that of other related serious crime, the FATF Recommendation 1 posits that all countries should identify, assess and mitigate risks of money laundering transactions on countries' risk perspective (GIABA, 2015).

Section 3(4) of the Money Laundering (Prohibition) Act, 2011 (As Amended) is the interpretation of this recommendation in Nigeria. It illustrates that financial institutions (hereinafter, FIs) and designated non- financial institutions (DNFIs) shall take enhanced measures to manage and mitigate the risks where higher risks are identified; shall use simplified discretion where lower risks are identified but simplified measures shall not apply in the instances of suspicion of money laundering of lower risk transactions; and shall conduct customer due diligence in the case of cross-border correspondent banking and other similar relationships for the purpose of compliance with these recommendations. Conducting a risk based approach on the transactions of organised crime give countries a better perspective on how to manage those transactions. Countries resources can also be allocated judiciously to transactions that come with high risk.

In achieving Recommendation 1, Recommendation 2 of the FATF posits that countries should designate a competent authority to monitor this task. The Central Bank of Nigeria is the frontier institution responsible for the issuance of regulations and guidelines for monitoring the operation of financial institutions in Nigeria

(Federal Republic of Nigeria (FRN), 2013). Section 4 to 6 of the CBN regulation compels the financial institutions to formulate and implement internal controls and procedures to prevent money laundering offenders from using financial institutions to launder the illicit income of their criminal activities (FRN, 2013). Therefore, financial institutions are expected to apply a risk based approach by identifying and managing their products and service risks in line with FATF recommendation 1 (FATF, 2013) to prevent them from being vulnerable to the illicit transactions of organised crime group.

### 5.3.2 Pursuing Illicit Flows of Organised Crime and Other Related Serious Crimes

The first step in pursuing the illicit flows of organised crime group is that countries should apply the crime money laundering to all serious offences, including organised crime transactions (Schott, 2006; The World Bank, 2009; FATF, 2012:R3). This criminalisation must be applied to all individuals and legal persons. It should also include other determining appropriate serious crimes on a country bases. These serious crimes must be criminalised in addition to illicit trade in drugs (Commonwealth Secretariat, 2006).

For instance, the Nigerian content of serious crimes is referred to as an unlawful act in section 15 (6) of the Money Laundering (Prohibition) Act, 2011 (As Amended) and the following unlawful acts were criminalised by this act in line with FATF recommendation 3: participation in an organised criminal group; racketeering; terrorism; terrorist financing; trafficking in persons; smuggling of migrant; sexual exploitation; sexual exploitation of children; illicit trafficking in narcotic drugs and psychotropic substances; illicit arms trafficking; illicit trafficking in stolen goods; corruption; bribery; fraud; counterfeiting currency; counterfeiting and piracy of products; environmental crime; murder; grievous bodily injury; kidnapping; hostage taking; robbery or theft; smuggling (including in relation to customs and excise duties and taxes); tax crime (related to direct and indirect taxes); extortion; forgery; piracy; insider trading and market manipulation; or any other criminal act specified in the Money Laundering (Prohibition) Act, 2011 (As Amended) or any other law in Nigeria.

Nigeria, has criminalised and labelled relevant OC businesses and other related serious crime as an unlawful act in its anti-money laundering law and includes a

broader list of crime than that suggested by the FATF. Nonetheless, organised criminal activities still persist in the country. Ratifications of standards may not really express the commitment to tackle crime in many countries with a high level of corruption at the top of affairs (Van Dijk, 2008:188). The criminalisation and labelling regime can only be effective in countries where the political will and good governance exist. Countries that lack the political will and good governance will only criminalise the underlying offences to money laundering on a face value. Bringing criminals to book against these unlawful acts will be very difficult if the political leaderships of such countries are perceived to be corrupt. This act liberalised the risk of committing organised crime in many developing countries.

The second step to combat illicit transactions of organised crime groups is that all countries should put in place a legal framework that will achieve effective confiscation of proceeds of crimes within their jurisdiction. The confiscation regime, should consider “non-conviction based confiscation” (FATF, 2013:4). It pains OC offenders when the profit from crime is being taken away from them (World Bank, 2009). Therefore an effective confiscation framework of anti-money regimes will increase the risk of committing the crime to the offenders and reduced the risk of transactions monitoring of organised crime business by competent authorities in the global states. This means that countries should demonstrate the ability to confiscate any proceeds of offenders that lack lawful origin of such property (GIABA, 2015). This framework stresses that countries should put in place an authority to (FATF, 2013:R4 p12): “(a) identify, trace and evaluate property that is subject to confiscation; (b) carry out provisional measures, such as freezing and seizing, to prevent any dealing, transfer or disposal of such property; (c) take steps that will prevent or avoid actions that prejudice the country’s ability to freeze or seize or recover property that is subject to confiscation; and (d) take any appropriate investigative measures”.

In Nigeria, there appears to be a gap under this framework. The Money Laundering (Prohibition) Act, 2011 (As Amended) in Nigeria is not extensive enough to drive a robust confiscation regime for the country (GIABA, 2015:6). There is no unifying legislation on freezing or seizure and confiscation of proceeds of crimes in Nigeria. However, the component of confiscation and seizure of ill-gotten assets exist in the establishments Act of various competent authorities and agencies in Nigeria. Consequently, agencies with weak legislation on confiscation in the country struggled to achieve remarkable confiscations of the illicit proceeds of the

offenders within the scope of their establishments while agencies with strong law on confiscations account for higher numbers of confiscations and convictions in Nigeria (see Chapter 6). The introduction of a unifying and robust legislation for a Nigerian confiscation regime would prevent offenders from benefiting from the fruits of crime, which is the ultimate objective of FATF Recommendation 4 of 2012.

### 5.3.3 Preventive Measures Requested by Financial Institutions to Combat Transaction Risks of OC Group Offenders

FATF Recommendations 9-23 highlighted numerous preventive measures that need to be adopted by financial institutions, especially banks in curbing the transactional risks of the organised crime group and other serious related crimes that can result in money laundering. These will be explored one by one in this section.

#### *Financial Institutions Secrecy Law*

The illicit transactions of organised crime offenders would prevail under banking regimes which operate with banking secrecy (Commonwealth Secretariat, 2006). It is against this backdrop that transnational crime offenders operate and channel their financial transactions through off-shore banking located at safe haven countries of the world where banking secrecy is operated. Therefore, countries where encouraged by the FATF to abrogate banking secrecy regime and rather to embrace financial system integrity regime by complying with various obligations set-out by this recommendation in achieving jurisdiction that is not vulnerable to the proceeds of crime (FATF, 2013). The countries that are susceptible to banking secrecy are where organised criminals groups usually operate their illicit transactions (World Bank, 2009). They hide their illicit profits in those safe havens to avoid investigations, prosecutions and confiscations of their ill-gotten assets (EFCC Investigator1).

Consequently, countries should ensure that financial institutions' secrecy laws do not promote transactions and operations of organised crime (FATF, 2012: R9). In order to mitigate the risk of transactional flows of the OC offender originating from safe haven countries, the FATF Recommendation 19 required countries to apply enhanced due diligence measure to business relationships and transactions with natural and legal persons, and financial institutions from countries identified by FATF as higher-risk countries (FATF, 2012:R19). The lists of such countries are

internationally generated by FATF and the United Nations (The World Bank, 2009). Consequently, countries should ensure that the type of enhanced due diligence and countermeasures adopted to curb these risks are appropriate and adequate to 'dry' ill-gotten flows originating from safe havens.

#### *Customer Due Diligence and Record Keeping*

The AML framework requires the reporting institutions, including FIs to know their customers and keep records of transactions consummated by them during their business relationships with banks or other reporting institutions. The FATF Recommendation 10 and 11 spelt out the required measures expected by the reporting institution for doing this. It is against this backdrop that countries were advised to prevent financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs) from keeping anonymous accounts with fictitious identities (FATF, 2012:R10). In achieving this, the financial institutions are compelled to undertake customer due diligence (CDD) measures when (FATF, 2012): carrying out designated transactions within the threshold of USD/EUR 15,000.00 or applicable wire transfers as subjected in Recommendation 16 of FATF; establishing business relationships; conducting occasional transactions; there is suspicion of money laundering transactions; there is doubts about the veracity or adequacy in customer identification data of any existing customers.

The CCD measures expected by financial institutions (including banks) are as follows (FATF, 2012:R10 page 14):

- "Identifying the customer and verifying that customer's identity using reliable, independent source documents, data or information.
- Identifying the beneficial owner, and taking reasonable measures to verify the identity of the beneficial owner, such that the financial institution is satisfied that it knows who the beneficial owner is. For legal persons and arrangements this should include financial institutions understanding the ownership and control structure of the customer.
- Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship.
- Conducting ongoing due diligence on the business relationship and scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are

consistent with the institution's knowledge of the customer, their business and risk profile, including, where necessary, the source of funds".

Significant preventive measures require the financial institutions (FIs), including bank and designated non-financial businesses and professions (DNFBPs) to keep, "for at least five years, all necessary records on transactions, both domestic and international, to enable them to comply swiftly with information requests from the competent authorities. Such records must be sufficient to permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of criminal activity" (FATF, 2012:R11). This recommendation expresses further that FIs "should be required to keep all records obtained through CDD measures (e.g. copies or records of official identification documents like passports, identity cards, driving licences or similar documents), account files and business correspondence, including the results of any analysis undertaken (e.g. inquiries to establish the background and purpose of complex, unusual large transactions), for at least five years after the business relationship is ended, or after the date of the occasional transaction" (FATF, 2012:R11).

Recommendation 17 of the FATF also allows countries to permit the financial institutions and other reporting institutions to outsource their commitment of Customer Due Diligence and Record Keeping to a competent third party, once certain criteria are met. However, the ultimate responsibilities of the CCD measures remain with the reporting institutions outsourcing to the third party. The below are the criteria set-up by FATF to achieve the reliance on third parties for Recommendations 10 and 12(FATF, 2012:R17):

- "A financial institution relying upon a third party should immediately obtain the necessary information concerning elements (a)-(c) of the CDD measures set out in Recommendation 10.
- Financial institutions should take adequate steps to satisfy themselves that copies of identification data and other relevant documentation relating to the CDD requirements will be made available from the third party upon request without delay.
- The financial institution should satisfy itself that the third party is regulated, supervised or monitored for, and has measures in place for compliance



with, CDD and record-keeping requirements in line with Recommendations 10 and 11.

- When determining in which countries the third party that meets the conditions can be based, countries should have regard to information available on the level of country risk”.

#### *Political Exposed Persons (PEPs)*

Additionally, organised criminal groups associate with political exposed persons (PEPs) and OC offenders also participate in the political governance of the global space. Chapter 2, 4 and 6 of this thesis reveal how the success of organised crime is linked to the collaboration of the politically exposed persons. Therefore, countries should ensure that financial institutions and designated non-financial businesses and professions (DNFBPs) have an appropriate risk-management framework to determine the customers or the beneficial owners that are political exposed persons (PEPs) (FATF, 2012:R12) from making financial institution vulnerable to the transaction of the OC offenders. The FIs and DNFBPs must take reasonable measures to determine their source of funds and conduct enhanced transactional monitoring of the PEPs dealings within their banks (GIABA, 2008). Furthermore, recommendation 12 posits that all continuing and new business relationships of the FIs with the PEPs require the approval of senior management of the banks before they are consummated. The significant of this clause put responsibility of monitoring and mitigation of transactions risk of this category of customers on the senior management team for effective control of transaction opportunities that avail themselves to the OC offenders in the financial institutions.

#### *High Risk Financial Services and Products Measures*

The sensitivity of certain services and products rendered by reporting institutions and the banks require close monitoring and countermeasure to prevent the vulnerability of reporting institutions to the organised crime and their criminal network. It is against this backdrop that the FATF recommendations 13 to 16 highlighted certain compliance requirements for the financial institutions including banks to follow when conducting such services or products during their banking operation.

First, the operation of international trade requires correspondent banking to settle financial obligations within the international traders, so the organised criminal

group also operates transnational crime that involve settlement of financial obligations among criminal networks located in the global South and the global North. This was explained in the Chapter 1 of this thesis when exploring the characteristics of organised crime. It is in this vein that recommendation 13 of the FATF requires financial institutions to put stringent measures in place to counter the opportunity provided by correspondent banking to shield the illicit profit generated from the crime (FATF, 2012:R13). This recommendation requires the FIs to adopt more robust measures in addition to the normal customer due diligence when conducting cross-border correspondent banking and other similar financial services relationships. This is to prohibit the FIs from entering into, or continuing, a correspondent banking relationship with shell banks operating in the safe haven to drive 'home' the proceeds of organised crime from the off-shore countries to the offenders. These countermeasures are, to (FATF, 2012: R13, p16):

- "gather sufficient information about a respondent institution to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action;
- assess the respondent institution's AML/CFT controls;
- obtain approval from senior management before establishing new correspondent relationships;
- clearly understand the respective responsibilities of each institution; and
- be satisfied that the respondent bank has conducted CDD on the customers having direct access to accounts of the correspondent bank, and that it is able to provide relevant CDD information upon request to the correspondent bank, with respect to "payable-through accounts".

Second, countries should take measures to ensure that natural or legal persons that provide money or value transfer services (MVTs) are registered, licensed and regulated for effective monitoring of their operation within the countries' AML regime (FATF, 2012:R13). It is against this background that transactions of OC offenders through MVTs are regulated and monitored. This measure also required the MVTs to render suspicious transaction reports (STRs) on the transactions of

prospective OC offenders. Countries should also have a sanction regime that is appropriate to penalize MVTS operators that allow their system to be susceptible to the organised crime offender and other related serious crime. In Nigeria for instance, the Central Bank of Nigeria compels the Western Union and Money Gram money services operators to register with CBN. Additionally, the operation of MVTS is regulated to domicile within the financial institutions operation in the country (FRN, 2013). This provides additional control since AML transactions are better regulated through the financial institutions.

Furthermore, Recommendations 24 and 25 also posits that countries should ensure that there is adequate, accurate and timely information on the beneficial ownership and control of legal persons and express trusts, including information on the settlor, trustee and beneficiaries, that can be obtained or accessed in a timely fashion by competent authorities. This is to guarantee countries to prevent the misuse of legal person or legal arrangements for money laundering and other related serious crime (FATF, 2012:R24 & 25).

Third, Recommendation 16 of the FATF's AML framework requires the FIs to establish the information on the identity of originator and the beneficial ownerships of wire transfer transactions and other related messages throughout the payment chain when conducting wire transfer transactions (FATF, 2012). This is because transactions of OC group constitute a complex 'web' of illicit transfers of money and value. The method of illicit transfers and the money flows of the OC offender will be extensively explored in the Chapter 6 of this thesis. Monitoring the identity of the transactions originator and that of beneficial ownership of illicit flows increased the risk of committing organised crime and other serious crime, since identity of the beneficial ownership of proceeds of crime can be generated by the FIs and furnished to law-enforcement authority for appropriate investigation activities on confiscation and seizure of illicit assets originated from proceeds of crime (GIABA, 2015).

Fourth, the advent of technologies for the operation of banking products and services provides transactions opportunities for the OC offenders when manipulating their illicit flows. Nowadays, offenders can open an account without his/her physical presence in any of the bank branches, using Internet and computer electronically from homes or offices to subscribe to an electronic products or services of the financial institutions (EFCC Investigator 2). This allows

proceeds of crime to move faster using Non-face-to-face customer based accounts (FRN, 2013). Therefore, the principle of know you customer (KYC) will require enhanced customer due diligence for this category of customers' operating using such banking services or products (FATF, 2012:R15; FRN, 2013). Consequent to the fact that money moves faster using technologies, the FATF Recommendation 15 requires countries to ensure that their financial institutions and designated non-financial businesses and professions (DNFBPs) identify and assess the illicit financial flow and transaction risks that may be associated to: "development of new products and new business practices, including new delivery mechanism; and the use of new or developing technologies for both new and per-existing products" (FATF, 2012:R15). The financial institutions will be able to manage and mitigate the inherent risks that come with products and services associated with new technologies and this increases the risks of committing transnational crime within the global states.

#### *Internal Control Programme*

Deployment and implementation of a robust internal control system for the business operations of the reporting institutions limit the risk of money laundering and counter the success of organised crime transactions and businesses in the global states (FRN, 2013). It is in this vein that the FATF Recommendation 18 requires reporting institutions to implement an internal control system reflecting on the operation of their business activities at head office and branch offices located at home and abroad (2012:R18). The internal control system must include policies document and the commitment of the group company to comply with the AML regime of countries where it operates its business activities. The internal control framework of the group company should include the "policies and procedures for sharing information within the group for AML purposes" (FATF, 2012:18).

The Central Bank of Nigeria, for instance, issued a guideline to all financial institutions and other financial institutions, requesting them to reflect their AML compliance requirements in the internal control systems of their companies in the quest to achieve effective AML regime in Nigeria (FRN, 2013).

### *Reporting Suspicious Transactions*

Before the introduction of AML regimes, suspicious transactions of OC offenders and other related offences were not properly coordinated and reported to the competent agency (NFIU Analyst 3).

The introduction of the AML regimes necessitated the establishment of the Financial Intelligence Units (FIUs), to receive, and analysis financial disclosure (Currency Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs)) and to disseminate intelligence reports generated therein to competent authorities (NFIU Analyst 5). The sharing of intelligence reports of suspicious transactions assists the law enforcement agencies to follow the money trail of the OC offenders. This has increased the risk of losing ill-gotten assets and proceeds generated from OC activities to states confiscation, seizure and forfeiture in many countries (EFCC Investigator 2).

Recommendation 23 of the FATF posits that Recommendations 18 to 20 shall apply to all designated non-financial businesses and professions (DNFBPs), within the following categories (FATF, 2012):

- “Lawyers, notaries, other independent legal professionals and accountants should be required to report suspicious transactions when, on behalf of or for a client, they engage in a financial transaction in relation to the activities described in paragraph (d) of Recommendation 22. Countries are strongly encouraged to extend the reporting requirement to the rest of the professional activities of accountants, including auditing.
- Dealers in precious metals and dealers in precious stones should be required to report suspicious transactions when they engage in any cash transaction with a customer equal to or above the applicable designated threshold.
- Trust and company service providers should be required to report suspicious transactions for a client when, on behalf of or for a client, they engage in a transaction in relation to the activities referred to in paragraph (e) of Recommendation 22”.

#### 5.3.4 The Preventive Power and Responsibilities of Competent Authorities in Combating Transactions of OC offenders and Other Related Crimes

This section focuses on the regulation and supervision framework required to monitor and control the reporting institutions obligatory to comply with the anti-money laundering regime in the global states. The powers and responsibilities of the law enforcement authorities will also be discussed.

##### *Regulation and Supervision*

The transactions of organised crime group will be secured in countries where the regulatory framework is weak (The World Bank, 2009; Walker & Unger, 2009; see also Chapter 6). This act was further illustrated in the BCCI case text box 3.1 of Chapter 3 in this thesis. In that case, the organised criminal networks and their associates hijacked the control of the bank to perpetrate and secure the illicit movements of their proceeds of crime. It is against this backdrop that Recommendation 25 of FATF advised countries to have a robust legal and regulatory framework that can "prevent criminals or their associates from holding, or being the beneficial owner of, a significant or controlling interest, or holding a management function in, a financial institution. Countries should not approve the establishment, or continued operation, of shell banks" (FATF, 2012:R26).

The recommendation advised further, that the AML framework should be incorporated into regulatory framework of prudential supervision of the financial institutions and other reporting institutions by their supervisory body (FATF, 2012). The supervisory responsibilities should also include licensing, registering, regulating, monitoring and ensuring compliance with national AML/CFT requirements of the reporting institutions to prevent their operations for being vulnerable to the activities of organised crime transactions and businesses.

Furthermore, the Recommendations 27 and 28 of the FATF gives the supervisory bodies of the reporting institutions (RIs), including that of financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs) the power to compel RIs or FIs to make available any information relevant to monitor the illicit transaction of OC group and other related serious crime for effective implementation of National AML regimes. Recommendation 35 also grants the competent authorities and supervisors the power to apply "a range of effective,

proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with natural or legal persons covered by Recommendations 6, and 8 to 23, that fails to comply with AML/CFT requirements. Sanctions should be applicable not only to financial institutions and DNFBPs, but also to their directors and senior management” (FATF, 2012:R35). The Central Bank of Nigeria also compels the financial institutions to publish such sanctions when applicable in their annual report for public knowledge (CBN Regulator 2). This put the status of such bank into reputational risk. Therefore, the sanction regime has a negative impact on the success of organised crime transactions and businesses.

#### *Law Enforcement Responsibilities and Powers*

For countries to increase the risks of transactions of OC group, FATF recommendation 29 required nations to establish Financial Intelligence Unit (FIU) that serve as “a national centre for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis”. The FIU is the national focal point for the AML regime, where suspicious transaction reports of the organised criminal offenders and other related serious crime offenders are developed to provide an intelligence package for onward delivery to relevant law enforcement agencies responsible for curbing organised crime within global jurisdictions.

For example in Nigeria, the Nigerian Financial Intelligence Unit (NFIU) is fully operational and collaborates with other law enforcement agencies to mitigate the transactions risk of OC group by sending them specific intelligence report related to their operations. These agencies are: (a) The Economic and Financial Crimes Commission (EFCC), to fight financial flows of Advance Fee Fraud of cybercrime and other financial crime in the Country; Nigerian Drug Law Enforcement Agency (NDLEA), this agency is responsible for curbing drug trafficking organised crime business in Nigeria; and National Agency for the Prohibition of Traffic in Persons and Other Related Matters, (NAPTIP), the agency in charge of mitigating the threat of traffic in persons in Nigeria.

Furthermore, Recommendation 30 posits that relevant law enforcement agencies responsible for the investigation and the fight against organised crime illicit financial flows should be proactive in their financial investigations of money

laundering, associated predicate offence and other related serious crime (FATF, 2013:R30; World Bank, 2009). This responsibility should include: identifying, tracing, freezing and seizing of illicit assets subject to confiscation or is suspected of being proceeds of crime (FATF, 2012: R30). It is in this vein that national law enforcement agencies collaborate with “appropriate competent authorities in other countries” to share investigation intelligence on the transactions of OC group offenders (FATF, 2012). Additionally, recommendation 31 gives the law enforcement agencies and other competent authorities the power to compel reporting institutions (financial institutions, DNFBPs and other natural or legal persons) to produce documentation held in their custody “for the search of persons” (including organised crime offenders) “and premises, for taking witness statements, and for the seizure and obtaining of evidence” (FATF, 2012:R31).

The transactions of organised crime groups require movement of cash from one jurisdiction to another. Therefore, Recommendation 32 advised countries to have appropriate measures in place capable of detecting physical cross-border cash couriers, including transporting of currency and bearer negotiable instruments for effective currency declaration regime for the counties (FATF, 2012:R32). This recommendation puts the illicit cash and currencies of OC offender into confiscation risk, since the recommendation also request countries to demonstrate effective, proportionate and dissuasive sanctions to deal with persons who make false declaration(s) or disclosure(s).

### 5.3.5 International Cooperation Against the Illicit Transactions of Organised Crime Group

In the pursuit to curb the vulnerability of organised crime transactions in the international arena, countries must cooperate on a global scale in fighting the crime. They will need to ratify and implement international standards and conventions to combat organised crime and money laundering (see Chapter 4). This will require administration of mutual legal assistance (MLA) among countries collaborating to combat the crime. The MLA framework should be able to assist in identifying, tracing, and confiscating illicit profits from organised crime businesses. The offenders that are on the ‘run’ must be extradited from one global state to another, to face the consequence of their criminality. The FATF recommendations 36 - 40 provide the framework that assist global states to achieve international



cooperation when combating organised crime transactions on a global scale, this will be discussed in turn in this section.

### *International Cooperation Instruments*

In the light to have a robust legal framework to confiscate proceeds generated from organised crime and other related serious crimes within the global States, first, the FATF Recommendation 36 encouraged countries to ratify and implement various international instruments and conventions to combat organised crime and money laundering (GIABA, 2012). These instruments and the conventions are basis of which countries cooperate to share investigation intelligences on the operation of organised crime networks within the global states (GIABA, 2013). The ratification and implementation of this conventions and instruments provide the platform of corporation for the ratifying countries dealing with money trail of organised crime offenders. The migration of organised crime revenue from one country to another becomes unsecured when offenders move money among ratifying countries. Chapter 4 of this thesis identifies ranges of predicate offenses that required international collaboration of competent agencies in curbing illicit flow of criminal revenue, including organised crime globally.

### *Mutual Legal Assistance (MLA)*

Second, Recommendation 37 requires countries to engage in provisions of mutual legal assistance (MLA) in relation to the transactions of organised crime and money laundering (FATF, 2012:R37; World Bank and IMF, 2006; Commonwealth, 2006). There should be adequate legal framework, such as treaties and memorandum of understanding (MoU) to achieve effective MLA among global countries to combat illicit transactions and vulnerabilities of organised crime group within global states (Schott, 2006; Commonwealth Secretariat, 2006). The thematic objective of Recommendation 37 is that countries should (FATF, 2012: R37):

- “Not prohibit, or place unreasonable or unduly restrictive conditions on, the provision of mutual legal assistance.
- Ensure that they have clear and efficient processes for the timely prioritisation and execution of mutual legal assistance requests. Countries should use a central authority, or another established

official mechanism, for effective transmission and execution of requests. To monitor progress on requests, a case management system should be maintained.

- Not refuse to execute a request for mutual legal assistance on the sole ground that the offence is also considered to involve fiscal matters.
- Not refuse to execute a request for mutual legal assistance on the grounds that laws require financial institutions or DNFBPs to maintain secrecy or confidentiality (except where the relevant information that is sought is held in circumstances where legal professional privilege or legal professional secrecy applies).
- Maintain the confidentiality of mutual legal assistance requests they receive and the information contained in them, subject to fundamental principles of domestic law, in order to protect the integrity of the investigation or inquiry. If the requested country cannot comply with the requirement of confidentiality, it should promptly inform the requesting country”.

#### *Mutual Legal Assistance: Freezing and Confiscation*

Third, Recommendation 38 of the FATF posits that countries should collaborate on achieving a coordinated regime for confiscation and freezing of proceeds of crime generated from organised crime and other related serious crimes. The recommendation specified that countries should put in place an institutional framework that can expedite actions on foreign requests and dissemination of intelligence report to identify, freeze, seize, and confiscate illicit assets of organised crime and other related crimes (FATF,2012:R38). The prospective competent agencies of a country must also have power to request for the same mutual assistance from their counterpart foreign law enforcement agencies (Commonwealth Secretariat, 2006).

The cooperation among the international competent authorities put the ill-gotten assets of OC offenders to the risk of assets confiscation and forfeiture of their revenue to the law enforcement agencies in the countries where they operate, since the mutual legal assistance on freezing and confiscation of the FATF Recommendation 38 consolidates global confiscation of profits of crime from one country to another. This provides global states the opportunity to confiscate criminal proceeds located in the countries outside the scene of crime.

### *Extradition of the Organised Crime Offenders*

Finally, in combating the transactions of OC group, the offenders of crime must be made to serve punishment in the jurisdiction where crime is being committed whenever they are on the 'run', in order to avoid the pain and consequent of committing crime. It is against this backdrop, that the FATF Recommendation 39 posits that countries should have a robust legal framework to extradite offenders from their country of harbour to the country where the crime is being committed. The extradition legal framework should be robust enough to prevent countries for becoming safe havens for offenders when they are being charge for money laundering and associated underlying predicate offences, including organised crime (FATF, 2012, World Bank, 2009).

The risks of committing organised crime is increased when countries' extradition frameworks allow them to extradite their "own nationals, or, where a country does not do so solely on the grounds of nationality, that country should, at the request of the country seeking extradition, submit the case, without undue delay, to its competent authorities for the purpose of prosecution of the offences set forth in the request" (FATF, 2012:29). Additionally, extradition of offender provides global-states the opportunity to charge money laundering and underlying predicate offences on a country base perspective, that is to say offender can be prosecuted for one offence in two countries or more. The concept of dual criminality further increased the transaction risks of OC offenders since they would be forced to face punishment of their crime at the place of harbour after returning home from jail term in the jurisdiction where crime is committed.

#### **5.4 Critics of Anti-Money Laundering Context**

Tsingou (2005) postulated that the most frequently quoted estimated figure of money laundering account for 2 percent and percent of the global Gross Domestic Product (GDP); this was put to about \$2 trillion by the International Monetary Fund (IMF). However, it is highly difficult to account for how much money is laundered in the globalisation of crime. Afterwards, there are empirical and conceptual problems in measuring the proceeds of crime (Halliday, Levi and Reuter, 2014). John Walker suggests and concludes in his work, "modelling global money laundering flows" that parameters used for the calculation of money laundering at national, regional and global level are not credible (Walker, 1998; 2007 cited in Levi and Reuter, 2006).

The total income from crime can only be attained after considering the spending and saving habits of the offenders during the investigation activities of the LEAs (Levi and Osofsky, 1995:4). It is important to note that the proceeds of crime confiscated by law enforcement agencies (LEAs) are usually in deficit of the spending habits of the offenders. These habits are usually difficult to reconstruct and bring to book by law-enforcement when crime is being detected. Spending habits might include that of: luxury holidays; luxury goods and items; and luxury gifts, including movable and non-movable assets that were acquired with the profit of crime but which are not held in the name of the offenders. The criminal justice system can only confiscate those illicit funds that were held in the name of the criminals or those that were traced to their associates in crime.

There are always hidden assets somewhere and it is submitted that the search light of law enforcement will not be able to reach them. Such hidden assets sometimes serve as saving grace for the offender to fall back on in the future after receiving determined punishment of the crime by the criminal justice system. Levi and Reuter rightly put it that the enjoyment of the “fruit” of organised crime groups often takes the form of “immediate consumption” and “future economic opportunities” (2006:289). These future economic opportunities are usually banked and secured in offshore banks located in the safe haven countries (The World Bank, 2009). The parameters to determine the spending and saving habits records of the offender remains unknown to the competent authorities. The disparity of these two parameters formed the “dark side” of the global estimate for money laundering.

Additional criticism that is worthy of mentioning is that of the risk based approach in managing the threats resulting from sensitive products, services and other transactions originated from the operation of the reporting institutions [financial institutions, other non-financial institutions and designated non-financial businesses and professions (DNFBPs)]. The anti-money laundering risk based approach is qualitative in nature as compared with most prudential risks (for example market, liquidity and credit risks) (The World Bank, 2009:6), which is quantitatively accommodated. This makes supervision of anti-money laundering compliance requirements difficult to achieve and poorly developed as compared to risk based prudential supervision (Halliday, Levi & Reuter, 2014). For instance most reporting institutions can manage and accommodate certain levels of the prudential risks (CBN Regulator 2).

It is submitted that there is no acceptable level of risks that can be tolerated under AML risks, since a low risk customer of the reporting institution can graduate to a very high risk customer at any point in time. This might be caused by a change in the nature of the customer's profile or the nature of highly sensitive transactions consummated by the banks customers. A robust AML risk based approach is very expensive and it requires a very sound technical know-how to achieve this in a developing economy. The nature of high risk product and services offered by the banks compel and force the financial institutions to deploy very expensive tools and technologies where necessary. The consequential effect of this approach would then increase anti-money laundering compliance pressures among the reporting institutions [financial institutions, other non-financial institutions and designated non-financial businesses and professions (DNFBPs)] in Nigeria, when there is insufficient budget to deploy expensive tools and technologies.

The Anti-money laundering legislation comes at a cost (Masciandro, 2007; Lopez-De-Silanes, 2007). The cost can be further classified into three categories. Firstly, it was argued that honest people are having a harder time incurring cost to shield their assets from corrupt government officials that may use the legislation to hunt their wealth from them and from the criminal networks that may seek ransom through kidnapping (Rahn, 2001). This creates additional criminal opportunities in the global states. Secondly, additional cost is required to increase the services of law enforcements and creation of competent agencies by the global states to combat "a new criminal industry to evade the new laws" (Rahn, 2001). Thirdly, the regime has negative impacts on the operations of the banks (Chong and Lopez-De-Silanes, 2007). Many banks have to redirect their operational cost to fulfill their anti- money laundering obligations in order to avoid reputational risks for transacting in "dirty" money (Chong and Lopez-De-Silanes, 2007). This shrinks the available funds for prudential and operational obligations of the banks and other reporting stakeholders.

Furthermore, the recent work of Halliday, Levi & Reuter (2014) posits a constructive criticism on assessing assessments of regimes to control money laundering. Their work exposed fundamental lapses on the evaluation reports of the international standards setters [International Monetary Fund (IMF) and the Financial Action Task Force (FATF)] of anti-money laundering regimes. These are international institutions set-up to assess countries' progress on their anti-money laundering regimes. The lapses argued by Halliday, Levi & Reuter (2014) include the following:

- a) The focus of the standard setters is mainly on formal compliance and implementation of recommendations and standards. Little attention was given to programme and outcome effectiveness;
- b) The risk based mechanisms were poorly developed and do not form a substantive integral part of the anti-money laundering regime frameworks;
- c) There is absence of systematic qualitative or quantitative anti-money laundering data in most countries where the standards were domesticated, (this means the implemented of this anti-money laundering laws);
- d) There are evidences of substantial gaps in the assessment process set-up by the International Monetary Fund (IMF) and the Financial Action Task Force (FATF);
- e) There are gaps in human capital development and the quality of employees engaged by the IMF and FATF for the role of country assessors in the assessment of countries' AML regime;
- f) The countries were compelled to adopt the same recommendations and standards and were not given opportunity to proffer their own "creative alternatives" within their own circumstances, and;
- g) The failure on the part of standard setters to attempt and conduct costs and/or benefits analysis of the AML regime on countries and reporting entities where these regimes were domesticated is fundamental criticism.

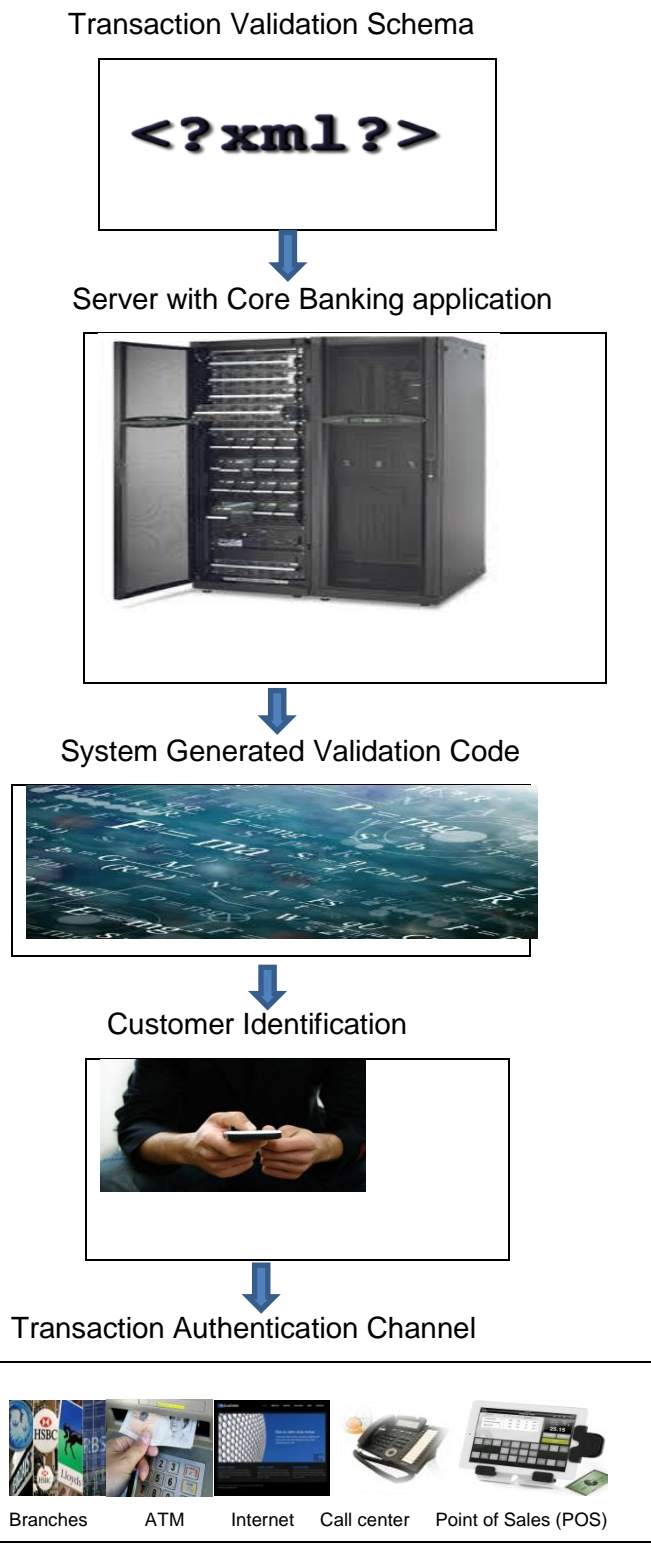
The overall conclusion of Halliday, Levi & Reuter (2014) was that, the standards setters should consider a more appropriate scientific alternative approach for producing effective programme and outcomes within the global anti-money laundering regimes. This would proffer solution for the major setback of empirical and conceptual problems in measuring the profits of crime. According to Halliday, Levi & Reuter (2014) the successful outcomes of the AML regimes will depend on how much of the criminals proceeds of organised crime groups were being traced, intercepted and confiscated within the regimes using scientific models.

### **5.5 Anti-Money Laundering (AML) Transaction Validation Model: The Answer to Outcome Effectiveness of the AML Regimes**

The researcher explored the work of Ashby (1957) in proffering a scientific solution to measure the outcome effectiveness of anti-money laundering (AML) regimes among regional and global states. This AML Transaction Validation Model can be deployed to monitor illicit financial flows in any part of the world. In doing this, the concept of customer identification programme (CIP) will be explored using cybernetics framework. CIP also referred to as Know Your Customer (KYC) principle; KYC principle is the fundamental principle for identifying the offenders of money laundering and it also provides the documentary evidence used by law enforcement agencies when following the money trails of offenders for preventive and confiscation purposes.

Ashby (1957), in "An introduction to Cybernetics", defines cybernetics as "the science of control and communication, in the animal and the machine". A cybernetics framework can be applied to measure and control the flows of funds from the core banking application of the bank (machine) initiated by the individual customer of the bank or the prospective offender ('animal') of the crime money laundering. According to Ashby, cybernetics offers a framework of which all individual machines may be ordered to communicate and understood and it is linked to information theory. Ashby (1957) also posits that cybernetics provides the researcher with the ability to manipulate the machine by asking "what are *all* the possible behaviours that it can produce?" It is in this quest that the researcher explores all possible outcomes that can be produced using the core banking application machine of the banks and the telephone mobile electronics machine of the bank's customers to proffer scientific solution to solve the problem of "outcome effectiveness of the Anti-Money Laundering regimes" (Halliday, Levi & Reuter, 2014).

Figure 5.2: **AML Transaction Validation Model Architecture**



Source: Author's owns model workflow

This research strives to provide a scientific solution to the problem of the principle of Know Your Customer (KYC) in order to enhance financial stability of the banking



sector and to achieve affective implementation of Anti-Money Laundering Regimes within the global states. It is in this view that this thesis suggests the possibility of scientific communication between the account holders (human being) and the core banking application (machine) of the bank, where customer identification documentations are maintained and financial transactions are consummated.

The communication between the account holders' electronics mobile phone and the core banking application machine of the financial institutions or other reporting institutions may provide the following compliance behaviours of the machines using cybernetics model of the "AML Transaction Validation Model" designed by this research, the possible behaviours expected by this model are: transaction and know your customer (KYC) validation; a financial tool to follow the money trail; and an anti-identity theft solution. The first behaviour or outcome expected by the AML Transaction model is that it will provide the regimes the ability to validate the legitimacy of all transactions consummated in the bank based on online and in real time using the telephone mobile number provided by the account holder when the accounts were opened or updated. The AML Transaction Validation Model would provide unique codes for all transactions at any time when transactions are initiated and consummated within banks and other reporting institutions before money or value can be moved out from the core application system where transactions are consummated. Furthermore, the Model will validate the identity of the customers before transactions can be initiated or consummated in the bank.

Second, it will provide the mechanism to follow the money trail of the organised crime offenders. Since validation codes could be created using the AML Transaction Validation schema, to monitor the flows of the illicit funds of all transactions consummated in the banks and financial platform of other reporting institutions. This provides the law enforcement agencies and other competent authorities the ability to follow the money trail for confiscation and seizure purpose in online real time. The law enforcement agencies can also give instructions to the banks and other reporting entities not to validate any suspicious transaction initiated from their core banking application or from that of other financial institution transaction platform applications.

Third, the AML Transaction Model will be able to minimise the problem of identity theft within the banking sector, since unique validation codes have to be giving to

the account holders before any transaction can be authenticated. Consequently, the account information of any account holder would be useless to the cybercrime offenders if they do not have access to the mobile phone and/or have interaction with the real account holder whenever real transactions or 'fraudulent' transactions are to be consummated by the third party or the offender.

The component of the suggested scientific AML Transaction Validation Model by this research will be described in five (5) stages of the workflow of this model, which are; the customer identification stage; the core banking application stage; the AML transaction validation schema; the system generated validation codes, and; transaction authentication stage.

#### 5.5.1 Customer Identification Stage: The Know Your Customer Components of the Model

The first stage of this model is to understand and identify what constitutes the customer identification programme (CIP) of the reporting institutions of the AML regimes, and the bank in particular. The CIP rule requires reporting institution, including banks to maintain a certain identification programme for their customers as a fundamental basis of countries' AML regimes requirement (FATF, 2012). The CIP is the basis on which the banks and other reporting institutions (RIs) of the AML regimes use in verifying the identity and risk component of each customer who initiates a banking relationship and engages in other transaction dealings with the bank and relevant IRs. This proffers the reporting institutions the ability to understand the relevant risk associated with their customers' transactions. The required information requested by the bank to open an account or to commence banking relationship with their customer may include following: the Name, Address, Date of birth, Social Security Number or Identification Number, Occupation of customers; the type of accounts; nature of the businesses; and the Nationality (FRN, 2013).

In the banking institutions, the customer identification programme would include the minimum of the following procedure at any point in time as suggested by Securities Industry Association (SIA):

- *“the types of identifying information required by the customer;*
- *the procedure to verifying the customers' identity;*
- *the procedure to for documentation of CIP related records;*

- *the procedure to match customers' identify with the suspicious list of the country or UN watch list;*
- *the procedure to notify the customers that their identity would be verified before their account can be operational; and*
- *the procedure indicating the action required by the reporting institutions when it finds it difficult to verify their customers' accounts”.*

Despite the existence of CIP within the operations of the RIs, there have been many instances where the CIP has failed to establish the true identity of the customer and/or offender wherever money laundering crime is being committed. Furthermore, many of the identifying information gathered during some cases of money laundering in Nigeria reviewed that fake identities were given by the offenders when opening their account in the banks for the purpose of committing crime (EFCC Investigator1). This made it difficult to follow the ‘dirty’ money of the offender during the investigation activities of the law enforcement agencies in Nigeria.

It is against this background, that the AML Transaction Validation Model of this research suggests that mobile telephone numbers of customers should be made a mandatory requirement in the elements that constitute the customer identification programme of the RIs and the banking institution in particular. The telephone mobile number will serve as unique identifier for each customer, since two customers of the bank cannot claim the same mobile number.

Furthermore, in developing countries, there is often no social security number or a unique national number for the citizen in many of those countries, this made it difficult to ascertain the identity of customers during the investigation of money laundering cases in Nigeria (EFCC Investigator 2). Additionally, in developed countries where social security numbers exist, the cybercrime offenders are frequently defrauding and stealing the identities and financial information of citizens in those countries to perpetrate crime (Rider, 2012)

The significance of the mobile telephone numbers of the customers of the reporting institutions, including the banks, creates scientific compliance order in the workflow of this model for effective AML regimes within the global states. It forms the platform for the interaction between the core banking application machine (the electronic server system of the banks) and transactions validation concept by the customers using mobile telephones. In the work of Ashby (1957:28), the role performed by the mobile phone in this model is referred to as the role of

*“discrete machine”*. The discrete machine is a machine that produced transformation as result of change in discrete jumps from its normal function. The discrete jump here is that this model adopts the mobile telephone number of the bank customers to act as a validation machine for all transactions initiated and consummated in the bank and other reporting institutions for the AML regimes.

#### 5.5.2 Core Banking Applications/Other Reporting Institutions Transaction Application Platform Stage

The core banking application is the central processing unit of a bank that is supported by a group of bank branches where customers can access their bank accounts to conduct and consummate transactions from any of the member branch offices (Greer & Narter, 2012). Therefore, core banking stand for centralised online real-time business process of the banks. Greer & Narter posit that “the global core banking market looks mature, with a significant percentage of banks having replaced their legacy systems with more efficient and flexible core banking systems”.

According to Axxiome (2011), a typical core banking application of a financial institution is illustrated in table 5.1.

In the second stage of this mode, the mobile telephone number of the bank’s customers will be included in the customer data management platform of the core banking application to serve as a unique identifier for each customer. This will be situated in the customer’s account domain also refers to as the traditional customer information file (CIF) (Scott, 2008). This unique identifier will interact with other components of the core banking application to ascertain the legitimacy of bank’s customers whenever transaction is being initiated and consummated in the bank.

Table 5.1: **Core Banking Components**

<b>I – Banking Application Architecture Platform</b>	<b>Underlying technical foundation for all systems and applications. Represents the basis for a service oriented architecture used across the integrated platform.</b>
<b>II – Customer Data Management</b>	Central system for business partner management serving multiple banking applications.
<b>III – Frontend</b>	Interface between users and backend systems. Presents data stored and calculated in the back-end in a well-arranged business supporting way.
<b>IV – Customer Relationship Management</b>	System to manage customer and sales prospect interactions from a sales or marketing perspective by providing technologies to automate and organize business processes.
<b>V – Analytical Banking</b>	Bank controlling system containing technical solutions for analytical processes in fields like risk management, BASEL II, IFRS or profitability analysis.
<b>VI – Transactional Banking</b>	Transactional banking covers the processing of operational banking transactions managed by account managing systems. These are responsible to support the complete lifecycle of accounts or contracts.
<b>VII – Enterprise Banking</b>	Enterprise applications for all industries to support common business processes, such as quality management, human resources or financial accounting.
<b>VIII – Business Intelligence</b>	A BI system supports business decision processes by providing client specific historical, current, or predictive views on business operations.
<b>IX – Transaction Broker</b>	A transaction broker connects the banking system to the outside world, mainly focusing on payment transaction flows.
<b>X – Teller Application</b>	Teller applications provide user interface solutions for tellers to support customer transactions like payment transfers, deposits and withdrawals, foreign exchange cash transactions etc.
<b>XI – Further Applications</b>	Further bank applications outside the banking application platform

Source: Axxiome (2011)

The banks will need to update their legacy data (legacy data is referred to as the historical data before the implementation or deployment of a model) to ensure all customer information files are up to date in order to achieve the effectiveness of this model. Customers whose telephone mobile numbers are not included in the customer data management platform will not be able to authenticate their transactions going forwards, because the rule engine of the server architecture will not recognise them whenever they initiate transactions using AML Transaction Validation Model.

### 5.5.3 AML Transaction Validation Schema

The significance of the AML Transaction Validation Model is that it will be designed with the AML Transaction Validation Schema and the model can be domesticated globally. In the workflow of this Model, at this stage, the Validation Schema creates the regulation and compliance order within the core bank application components. The schema will be a short code computer program language that will be written by a computer programmer to communicate with the core banking application server and the telephone mobile phone of customer on online real-time whenever transactions is indicated by the customer of the bank. These short codes will require the collaboration of the mobile telephone service providers that host the mobile numbers of the individual customers' of the banks in their telecommunication database.

Having written the schema, it will be deployed to sit on the core banking application server of the banks to screen the customer data management platform by verifying the mobile number of the customer in the core banking data base. It will then send a signal to the Business Intelligence (BI) platform of the core bank application to validate customer's transactions that come with unique telephone mobile number identifiers and it will decline transactions that lack the unique identifier as designed in the engine rule of the server in the stage two of this model.

### 5.5.4 System Generated Validation Codes

The fourth stage of this model is the process whereby the schema generates codes automatically and sends them to the mobile numbers of the genuine customer of the bank during every transactions consummated by legitimate customers. The validation schema will prevent the identity theft offenders using the stolen financial information of bank customers, since the validation codes will only be sent to the rightful owner of the account at all times when transactions are being consummated on those accounts.

### 5.5.5 Transaction Authentication by the Account Holders

At the fifth stage of the workflow of the model, customers will be asked by front officers of the bank or any other persons that they have bank related financial interaction with to provide this authenticated code using any channels of financial transaction when consummated financial dealings. For instance, the customers will have to provide the validation codes using automated cash machine (ATM), during telephone banking, during internet banking, during relationship banking and other channels that banking transactions may be consummated or when bank instruments such as debit and credit cards are to be used to procure services and to make third party payments. The account holders that provide transactional codes will be the only persons who have the value for those transactions.

## **5.6 Some Limitations for the implementation of the AML Transaction Validation Model**

The implementation plan for this model is subject to future deployment in Nigeria and other relevant developing and transitional economies in West Africa States (see Chapter 9). Nevertheless, many scientific models of this nature come with one problem or the other. The AML transaction validator will require an online real time business processing network. All applications using internet connections are bound to face network failure when data are overloaded in a very slow networking system. This may slow down the processes of financial transactions of a particular reporting institution, including banks when internet systems are weak. Therefore, the model requires fast and effective internet capacity for it to function optimally. Additionally, the AML Transaction validation model would be designed using mobile phone application system. Also, many mobile phone communication service providers encounter communication networks failure in many villages, towns and cities of global jurisdictions due to inadequate capacity of their networking system as compared with the total number of their service users. The loss of a mobile phone may also prevent the service users to consummate (initiate) financial transaction since this mobile application system is designed to be the gate-way of their financial transactions with reporting institutions and financial institutions in general.

Finally, epileptic supply of electricity power in many developing countries hamper effective deployment of information and communication technology of those

countries. Therefore, the model would only function well with availability of an uninterrupted power supply.

Notwithstanding the enumerated limitations identified with this model, the implementation strategies for future deployment of this model would submit solutions or/and appropriate mitigations to manage these limitations.

## **5.7 Conclusion**

The conceptual framework of this thesis elaborate the connectivity between organised crime and money laundering. The rational choice theory adopted in this chapter explored how the organised crime offenders in Nigeria may adapt ways of crime in order to create social-economic order in the in the Global South (in Nigeria). The lack of social and economic opportunities in Nigeria, coupled with absence of good governance and the rule of law and the availability of opportunities to profit from criminal activity in the Global North (i.e. in European states) fuels the illicit order of the Nigerian organised crime offenders. The organised crime 'business' opportunities decision modelling in Nigeria was explored using the concept of Value-Access-Transaction (VAT) to explain the routine activities of the offenders in the global arena of crime.

Furthermore, the anti-money laundering framework explores the possibility of increasing the transactional risks of organised crime in Nigeria. Out of the 40 recommendations of the Financial Action Task Force (FATF), the framework evaluates relevant recommendations that are applicable to the fight against organised crime financial flows. The implementation of these recommendations has been the focus of numerous criticisms from academic scholars (Halliday, Levi & Reuter, 2014). Therefore, ratification and compliance to these recommendations in Nigeria bears witness to the various impediments and vulnerabilities of the reporting institutions in Chapter 7. Consequently, the anti-money laundering framework is perceived as threatening the development of Third World countries, because most of these recommendations do not fit in to the cash based and parallel economies of developing jurisdictions. Chapter 7 of this thesis further enumerates the various impediments to the success of anti-money laundering efforts in Nigeria. Winning the war against the proceeds of crime will require a more scientific approach if it to be effective (Halliday, Levi & Reuter, 2014). It is against this backdrop that this chapter proposes the Anti-Money Transaction



Validation Model: a scientific cybernetics approach to help minimise the pressures imposed by anti-money laundering measures for developing economies.

## **Chapter 6**

### **The Perspective of Organised Crime Financial Flows: The Roles of Various Agencies in Nigeria**

The organised crime (OC) illicit flows from drugs to trafficking in human beings and other valuables; including proceeds of advance fee fraud (AFF) in Nigeria and West Africa is becoming increasingly unrestricted (GIABA, 2010:11). By focussing primarily on this background, this chapter will aim to analyse the specific techniques and mechanisms of money laundering, organised crime transactions, and businesses within West Africa, particularly Nigeria. In order to understand the perspective of organised crime financial flows; this chapter will discuss the money laundering typological studies ('typological studies' are the way in which organised criminal proceeds are being laundered) of the OC group in Nigeria. This will include drug trafficking and human trafficking and will be finalised with money laundering patterns of the AFF offenders. This chapter will evaluate the roles of competent agencies in curbing the challenges attached to financial flows from organised crime in Nigeria.

#### **6.1 Illicit Financial Flows of Organised Crime Businesses and Transactions**

According to GIABA (2010a) the annual income generated from drug trafficking is estimated in billions of US dollars; these have to be redistributed and shared among the OC actors that are profiting in the globalisation of crime. The typology studies sponsored by GIABA in the West African region revealed how the illicit profits generated from drug trafficking business on a global scale were shared amongst transnational criminal offenders from the Global North and their counterparts from the West African Criminal Network (WACN). The study will thereon evaluate case studies of trafficking in human beings contained in the Report of the Financial Action Task Force (FATF) 2011, "Money Laundering Risks Arising from Trafficking in Human Beings and Smuggling of Migrants", and this will therefore lead to an analysis of two case studies focussing on AFF offenders in Nigeria.

### 6.1.1 The Money Laundering Techniques and Case Studies of Drug Trafficking Offenders

The case studies of money laundering techniques employed by drug trafficking offenders in this thesis explores the typology reports given to the researcher while conducting a fieldwork project at the GIABA Secretariat in Senegal. The studies also revealed several techniques of money laundering adopted by the OC group in West Africa generally, and within Nigeria in particular. The techniques adopted by the offender which leads to the laundering of their proceeds of crime from the global North to the Global South include:

- the misuse of financial institutions; the misuse of cash transactions and cash couriers to 'drive home' the proceeds of drug trafficking;
- the misuse of front companies to shield the criminally derived revenues;
- the use of complex series of transactions which combines cash smuggling, gatekeepers, real estate, casino, high value currency accumulation and other stores of values and other agents of illicit flows;
- misuse of multiple jurisdictions to conceal profits of crime in safe havens;
- and abuse of remittances and trade systems for transfers of revenues and settlements of associates in crime. All these techniques will be illustrated in turn using a typological case study approach.

In Chapter 4, the thesis demonstrated how criminals take advantage of the lack of a robust and effective of criminal justice system to commit crimes. Additionally, the Case study 6.1 provides evidence as to how criminals profit from the weak legal framework in the jurisdictions where they operate and move proceeds of crime, including foreign currency from one country to another. The money laundering techniques adopted in this case by the offender was the engagement of the services of cash couriers, and setting up an informal and unregulated artefacts venture that are frequently sighted in tourist zones across the globe, including Europe. The unregulated artefacts serve as the 'container' where illegal goods of illicit drug are being concealed from transit country in West African states such as, Nigeria for onward delivery to consumer markets in European states and elsewhere.

### Case Study 6.1: Laundering the Profits of Drug Trafficking through High Cash Turnover Businesses

Mr S is a business tycoon from country B. He started off as a small African artefacts vendor. He travelled to Europe with a few art pieces for sale. He came back home after a year with suitcases full of foreign currency. As there is no regulation or limit on inbound cash into country B, Mr S managed, on interrogation, to prove that he was legitimately selling African art products. Law enforcement officials could not establish any infraction and so he was not arrested. He immediately used the proceeds to purchase real estate property and established a second-hand car dealership, making bulk cash payments for these high value purchases, thus changing his business profile. He rents out his estates and sells his cars, from which he is able to make a legitimate income. Mr S, who attests to having made profits from the sale of the African artefacts in Europe, is well respected and considered a hard-working man in his home town. He is also, however, suspected of dealing in narcotic drugs and is under police surveillance.

Source: GIABA, 2007

The proceeds generated in Europe were used to import cars from Europe to West African states generally and in particular, Nigeria. The imported goods would be sold at a price substantially below the market value, in the quest to recoup the proceeds of crime. The competition provided by organised criminal groups in contrast with that from legitimate importers also creates displacement within the global economy. Consequently, the profit of legitimate investments in the automobile business is drained with unhealthy competition of OC actors operating within the international trade arena and the OC offenders maximise such illicit revenue by reinvesting it into real estate venture in order to integrate unlawful wealth into their Jurisdictions.

### Case Study 6.2: Laundering Drug Trafficking Proceeds through Cash Couriers and Front Companies

An individual who is a citizen of a West African country operated a drug trafficking “ring” (networks) since 2002 and laundered money across many jurisdictions. Most of the network members resided abroad, mainly in Western Europe, and had residence permits in their host countries. Together with the ring leader, they recruited people from the West African country to deliver drugs to them from where they distribute it in their country of residence and other parts of Western Europe. In 2006, one of the couriers was arrested for possession of 2.054 kilograms of cocaine concealed inside a suitcase at the international Airport of the West African country on his third trip to Europe. Investigation revealed that the money realized from sales of drugs was sent back through cash couriers and thereafter exchanged into local currency and deposited in bank accounts or used to acquire land, construct buildings or purchase vehicles in cash. The properties bought were sold shortly afterwards and the money realised deposited in bank accounts. The deposited money was later withdrawn to purchase real estate. In several transactions involving significant volumes of drug profits, the group members performed small transactions below reporting threshold to avoid detection and deposited the money in several accounts. Some of the accounts were for fictitious companies. The group members were found to be partners in several companies, along with other third parties and the companies had no activities in their registered line of business. Their head offices were fictitious.

Source: GIABA, 2010

The above case study illustrates typical characteristics of organised crime as discussed within Chapter 2 of this thesis. The offenders in this case operate as West African Criminal Networks with transnational dimension of cell networks (OCTA, 2010). They operate within a specialised network of criminals in multiple jurisdictions from the global South through the global North. One cell network recruits drug couriers in West Africa to traffic drugs to Western Europe. The other cell network group operates in Europe with residence permits to distribute the illicit product in the underground drug market there. A classic example of a similar case within the UK involved two Nigerian born offenders with dual citizenships, John Obidegwu (British citizen) and Ike Johnson (German citizen) who were both sentenced at Croydon Crown Court for eight years and were charged with money laundering offences (GIABA, 2010). They were further convicted with 24 years sentence for drug trafficking offences, to run concurrently, for being linked to laundering millions of pounds of illicit drug proceeds in the UK (Mynewsdesk, 2015).

The transnational offenders adopted many schemes of money laundering to repatriate the illicit revenues generated from drug trafficking back to their country

of origin in Nigeria. They used a cash courier to smuggle the profits from their crime to their country of origin contrary to recommendation 32 of the FATF, 2012 (which has already been extensively discussed in Chapter 5). The offenders were aware that the financial institutions had an obligatory duty to perform customer due diligence on transactions within the threshold of USD/EUR 15,000.00 or applicable wire transfer in local currency and duty of financial institutions to report transactions suspected of having links to criminal activities. Thus, they conducted their financial transactions to circumvent threshold reporting and performed multiple smaller transactions that were less than the suggested threshold of FATF, transferring the proceeds into several fictitious accounts in their home country and abroad, leaving little or no trace for investigation activities of competent agencies in the global states (World Bank, 2009). The proceeds of their crimes were integrated into real estate investments and revenues generated from these real estate investments were then integrated back into the legitimate economy. “The drug traffickers will go to any bank where they do not have an account to purchase a bank draft for payment of landed property or luxury goods and neither title nor identification document is requested or retained by the bank which consummated these kinds of transactions” (NDLEA Investigator 1). This makes it difficult to trace illicit assets during the investigation activities of competent authorities. Additionally, in Case study 6.2, the criminal networks use their ill-gotten funds to acquire share equity in the quest to have principal control over several companies at the country of origin. This act shields their criminal activities away from them and a more legitimate profile is built through integration of unlawful funds into the legitimate economy.

### Case Study 6.3: Laundering the Proceeds of Drug Trafficking Through the Misuse of the Trade System and Use of Front Companies

Two criminal organizations, one based in a West African country and the other in Western Europe worked with each other to facilitate the smuggling of drugs. The West African group was responsible for packaging and exporting the drugs while the one in Europe was responsible for the sale of the drugs. The proceeds was subsequently shared and laundered through over invoicing and under invoicing. The drug is usually shipped through empty freight containers used to import food products. In 2007, at the sea Port of the West African country where the local group was based, about 508.7 kgs of cocaine was discovered concealed in a false ceiling of a freight container destined to Europe. The company is owned and managed by the local ring leader of the trafficking group and his son. Following investigation, documents recovered indicated that two empty containers were transported back under the same circumstances, at least five times. A number of their bank accounts were uncovered and their respective financial transaction histories and balances obtained. A number of movable and immovable properties acquired were traced. The assets were seized and bank accounts temporarily frozen. Following the auditing of their Company's accounts from 2004 – 2007, several flaws were discovered, principally the lack of essential supporting documentation regarding several customs clearance of imported goods. The amounts recorded in respect of purchases for the financial years 2004 to 2006 were higher than the estimated values based on Customs documents. Similarly, total transfers made to accounts abroad along with debts of the firm to suppliers in financial years 2004 and 2005, were below purchase invoices obtained from the Customs for these years, that is, there was deficit of transfers. In contrast, in fiscal year 2006, it was found that total transfers and liabilities to suppliers exceeded purchases by about USD251, 013.47. These facts indicated that there was manipulation of the Company's financial results and the respective supporting documents, as well as financial year accounting justifications submitted to the Finance Office. This was used to conceal and launder the proceeds of drug trafficking.

Source: GIABA, 2010

In many instances, legitimate companies manipulate taxable income and move their operational headquarters to low tax jurisdictions (Li and Balachandran, 1996). Their affiliated companies operated from high tax jurisdictions where most of the company's profits were being generated and maximized the companies' profits by filing tax returns and laundering evaded tax from the high tax jurisdictions in low tax jurisdictions (Li and Balachandran, 1996; Fisman and Wei, 2001; Swenson, 2001; Tomohara, 2004, FATF, 2006). In the same vein, the criminal organisations also engaged in trade based money laundering in order to conceal the proceeds of crime from competent authorities (The World Bank, 2009).

The trade based pattern of money laundering is commonly used to launder the illicit financial flows of drug trafficking in Nigeria (NFIU Analyst 3). This is the situation whereby the trade system is used to manipulate, shield and share the proceeds of crime among the transnational criminal networks and the Nigerian

criminal syndicates (NFIU Analyst 3). The procurement and importation of valuable items from the consuming countries to Nigeria is usually common in the quest to integrate profits of crime.

The pattern for the integration of ill-gotten funds originating from drug trafficking was noticed at the Nigeria Financial Intelligence Unit (NFIU) which showed that proceeds from the drugs sold in Europe were usually brought back to the country by OC group in Nigeria and reinvested into real estate, stocks and engagement in trading such as automobiles and electronic businesses (NFIU Analyst 3). In doing this, the offenders will abuse financial institutions through the use of payment systems such as, wire transfers, open export, and the import letters of credit in banks to conduct international trade (FATF, 2006). The offenders will launder these proceeds through front or shell companies (Schott, 2006; World Bank, 2009; FATF, 2012).

Other trade based techniques to launder the proceeds of drug trafficking also includes (FATF, 2006):

- over-and under invoicing of goods and services;
- multiple invoicing of goods and services;
- over-and under shipments of goods and services;
- and falsification of goods and services description.

Case study 6.3 demonstrated how the OC offenders misrepresent the importation of fictitious food products by exporting empty freight containers which concealed cocaine in the imported food consignments from the source country where cocaine is cultivated. The cocaine is further trafficked to illicit drug markets in Europe where proceeds of crime are generated at a larger scale (NDLEA, 2010). This abuse negates the objective of international trade, since the international trade system is exposed to manipulation and exploitation by organised crime networks (Asia/Pacific Group on Money Laundering (APG, 2012)). The profits from the drug dealing are then channelled back to the OC actors through wire transfers by misusing financial institutions and compromising international financial systems. The evidence of this is provided in Case study 6.3, where the investigation revealed deficits in international transfers to the partners abroad by the WACN. The transfers were in excess of the purchase invoice obtained by the customs agency for the accounting period under review.

#### Case Study 6.4: Abuse of the Remittance and Trade Systems to Conceal and Launder Proceeds of Drug Trafficking

A drug trafficking organisation based in the United States whose members were from West Africa was involved in the smuggling of cocaine into the US from which they raised their proceeds in cash. The group arranged with an auto dealer, also based in the US and also happened to come from the same West African country with them to transfer the illicit proceeds to their home country by exchanging the money at a discounted rate. The drug traffickers arranged for the purchase of a stake in a reputable information technology firm operating in their home country. The auto dealer paid for the stake in the information technology in local currency from his bank account at home. The auto dealer then used the cash he exchanged to purchase expensive second hand vehicles and other expensive goods which he ships to his home country. A clearing company clears the vehicles and the goods which are then sold in an auto shop and the proceeds deposited into his account. This eliminates the risks of and need for physical movement of the proceeds by the traffickers back to their country.

Source: GIABA, 2010a

According to the APG typology report on trade based money laundering (TBML), the distinguishing factors for TBML are as follows (2012): Firstly, expansion of global trade provided opportunities for transnational criminals to dilute their illicit funds with the legitimate financial flows in the international trade markets. Therefore, the offenders have the opportunity to use the proceeds of crime to buy valuable assets from the consuming market and integrate those illicit assets into their countries of origin (GIABA Expert 1). TBML allows all unlawful assets to be linked to the trading activities of the offenders. This is a method adopted by the criminals to disassociate the crime from the illicit assets. In other words, making it difficult for the LEAs to follow the money trail associated to the crime. Secondly, competition in cross border trade provide opportunities for the organised criminal offenders to take advantage of differences in legal systems and the international competitors. This is due to the fact that many jurisdictions of the world are introducing free trade zones (FTZ), with less stringent anti-money laundering regulation to encourage international investors (APG, 2012).

Thirdly, the AML regulation is more advanced in the financial sector as compared with that of trade sector. Fourthly, the exposure of trade to international legal tender and currencies which are affected by fluctuations in the value of the US Dollar, Pound Sterling and other international legal tender, provide organised crime groups the opportunity to even compete against financial sector foreign exchange rates which are often high. The offenders are able to sell their illicit



foreign currencies to international traders at informal foreign exchange parallel markets where stringent regulations do not apply.

**Case Study 6.5: Laundering the Proceeds of Crime through Complex Methods of the Gate Keepers (Lawyers and Chartered Accountants), High Value Currency Accumulation and other Stores of Value**

Following an enquiry received from the USA in 2008, in relation to an ongoing drug trafficking investigation, authorities of a West African country successfully traced the kingpin, who was under watch before the request came. Following a search in his house, about 5.5 kilograms of Cocaine was found in his bedroom and the sum of \$74,800.00 (seventy four thousand eight hundred US dollars) in cash was recovered along with some documents related to his assets. Investigations revealed that the cash is usually smuggled into the country through human couriers. Afterwards, lawyers and real estate agents were used to purchase landed properties. Currency exchangers/bureau de change operators were mainly used for the payments of the purchases. The kingpin had several travel documents bearing different names.

Source: GIABA, 2010a

Recommendation 37 of the FATF, as discussed in Chapter 5 of this thesis suggests the need for international collaboration of nations and competent authorities in combating money laundering and organised crime transactions. The lack of cross-border cooperation allows criminals to maximise the illicit profit. The confiscation of illicit products and assets of crime will be made difficult when countries and competent authorities fail to cooperate amongst themselves. The Case study 6.5 provides a typical example of the effectiveness and benefits of international collaboration as advocated by Recommendation 37 of the FATF. Tracing illicit assets of organised crime would be very difficult in the circumstance where offenders assumed multiple identities (Commonwealth Secretariat, 2006; The World Bank, 2009; FATF, 2012). Foreign law enforcement agencies have to co-operate with the competent national authorities in the country where the offender is operating from. Recommendation 10 of the FATF compelled the financial institutions (FIs) and designated non-financial business and professions (DNFIBPs), including lawyers and accountants, to conduct customer due diligence on their customers before going into a business relationship of any kind in all jurisdictions (FATF, 2012). However the lack of national identities in Nigeria for instance, enables the OC offenders there to be imaginative and daring, since offenders can acquire multiple identities to disguise their criminal behaviours when committing crime. Ineffective identification systems puts the offenders a step ahead of the law enforcement agencies, since they have to go to great length and expending huge amounts of time before discovering the real identity of the

offender during the investigation and asset tracing. The success highlighted in Case study 6.5 can only be attributed to both national and international collaboration of competent authorities.

#### 6.1.2 The Basic Money Laundering Techniques and Case Studies of Traffickers in Human Beings

Human trafficking is the third largest business of organised crime groups that generate illicit financial flows in billions of dollars, after drug and arms trafficking (UNODC, 2010). It is also perhaps the oldest type of organised crime business activity which originated from the abolition of the slave trade (see Chapter 2). It is against this backdrop that this thesis evaluates the phenomenon of this crime in Chapter 2 and 3. Understanding the nature of this crime is crucial to the evaluation of the threat associated with the movement of profit of the crime. In this section, the thesis presents some selected cases of human trafficking illustrated in the FATF report, "Money Laundering Risk Arising from Trafficking in Human Beings and Smuggling of Migrants" and investigates some of the techniques and methods adopted by the OC offenders who profit in human trafficking on a global scale (FATF, 2011). Most of the case studies illustrated here have not been generated from West Africa or Nigeria but are cases originating from the destination countries, where victims from West African and Nigeria in particular were trafficked to and exploited by the offenders.

The major techniques and methods of money laundering adopted for laundering the proceeds of trafficking in human beings in these cases include: the use of the hawala payment system, this is informal alternative ways of transferring funds from one jurisdiction to another; the misuse of money service businesses (MSBs) such as, Western Union Money and MoneyGram transfer; the misuse of cash transactions and cash couriers; and finally the misuse of cash intensive businesses such as, restaurants to launder the proceeds of crime.

**Case Study 6.6: Trafficking for sexual exploitation – *Hawala* system – Nigerian "Madam" – cash courier (FATF, 2011)**

Two Nigerian citizens were indicted for money laundering among other things. From 2006 to 2008, they handled EUR 1,263,000 stemmed from the proceeds of criminal acts.

They operated a *hawala* business. They received the money in cash from various locations in Oslo. The following day, the money could be picked up in Nigeria. The system was based on advance payment and trust and customers were required to pay a transaction fee of 10%. They used Euros in their money transactions.

One of the defendants, living in Denmark, picked up the money in Oslo every four or six weeks (a maximum of EUR 20,000 at a time) and transported it to Nigeria (cash courier). Most of the Nigerian prostitution organisation used this system to send money.

A large part of this money represented repayment of debts. In addition, money was sent to the families of the prostitutes in contravention of the ban imposed by the "Madam" (is refer to as the 'Nigerian' woman leader of human trafficking network) and the criminals behind.

In court, it was found that all the prostitutes who used this *hawala* network were the victims of trafficking.

The evidence produced included seized lists of money transfers. The convicted people were linked to the accounts through fingerprints and the fact that prostitutes recognised them in photographs.

The principle of the *hawala* system unfortunately means no particular indicator for reporting entities but this money laundering technique and the issue of the Nigerian "Madams", which is a typical trend in the trafficking for sexual purposes which can be found in several countries, deserved to be illustrated.

Source: FATF, 2011

The illicit financing of human trafficking can be analysed from three important points of view. These are (GIABA Expert 1): the method by which funds are raised, moved, and are utilised.

First, the offender analysed how much can be raised in committing a crime. This is illustrated in Chapter 5 using VAT model. The offenders raise money by giving the victims away for human labour and exploitation through prostitution. Often, the victims have to pay themselves out of their debt bondage (NAPTIP Investigator 2). Continuing to work for their masters, a substantial part of their earnings from the human labour or sexual exploitations is used to repay their debt bondage (see Chapter 3). The debt bondage are being repaid back by the victims as money that has been spent on them during their transportation and relocation from source country, the country of origin of the victim and to destination countries, the countries where victims are being exploited (GIABA Expert 1).

### Case Study 6.7: **Trafficking for Sexual Exploitation – Use of Money Remitters and Bank accounts - Investments in real estate**

The investigation was focused on a criminal group that operated in different areas of Spain trafficking women from Eastern European Countries. The organised group was detected by two different sources, the police investigation and the FIU information.

The police investigation was focused on a group of people that were members of a criminal organised group dedicated to smuggling and trafficking women. The organised group was the owner of several “night clubs” in different cities of Spain where women were exploited. Part of the money obtained through that illegal activity was sent abroad through money remittance companies in order to pay the debt of each woman.

The basic characteristics of the operations carried out through money remitters were the following:

- ✓ There were sent small amounts of money.
- ✓ The money was sent by some women exploited to their countries.
- ✓ Recipients in the countries of destination were the same.
- ✓ Some senders and recipients of the transfers were included in FIU databases.

At the same time, the FIU was making the analysis of some information related to suspicious transaction reports referring to members of the same organised group. It was detected that several bank accounts of non-resident persons with different passports were opened in banks in Spain. It was also discovered that the holder of those bank accounts was the same person. The basic movements of those accounts were:

- ✓ High number of deposits of cash in small amounts (below identification requirements) is made in different regions of Spain.
- ✓ Transfers of those amounts of money to Eastern European countries.
- ✓ Some operations had the same recipients.

Also, there was previous information in FIU related to some of the investigated members of the organisation that allegedly bought winning lottery tickets with cash to the real winners. There was information related to money transfers transactions too.

During the police investigation it was detected that front companies were also created, some of them with no real activity. Some properties were bought under the name of those companies and payments were made in cash.

It is also important to mention that cooperation with authorities of the countries of origin of women exploited was very useful and a joint police operation was conducted with those countries. The tracking of the funds help arrest the members of the organisation in the countries of origin and the confiscation of properties and money obtained from that illegal activity.

Source: FATF, 2011

Second, the movement of the funds is done through non-disclosure transfers (Case study 6.6). This occurred when the individual agrees to settle debt without using any financial instruments or financial institutions during their transactions process (GIABA Expert 1).

### Case Study 6.8: **Facilitation of Irregular Immigration - Use of Cash-Intensive Businesses**

A UK Police Force conducted an investigation into the large scale facilitation of illegal immigrants into mainland Europe. The illegal immigrants were predominantly Turkish and were smuggled into the UK by lorry as well as motor vehicle, trains and light aircrafts.

The fee charged per immigrant was believed to be in the region of GBP 3,500 for a channel crossing and up to 14,500 EUR from Turkey across Europe. This money would cover the transport cost, the cost of the documentation, which is needed in the UK, although this documentation was usually false. The money would also cover the cost of accommodation on arrival in the UK. It is estimated that over 20,000 immigrants were smuggled into the UK by this group of individuals.

In 2005, 5 subjects were arrested in the UK and charged with offences of conspiracy to facilitate a breach of immigration law and money laundering (ML). In 2006, the subjects were sentenced to lengthy prison sentences and they later received confiscation orders totalling over GBP 1,260,000.

In this case, the following ML methodologies were used by the subjects:

#### Use of legitimate cash generating businesses

Kebab shops, takeaway outlets and a snooker hall were used to launder criminal funds. The money generated through these company accounts was in excess of the funds generated by comparable businesses. These businesses operated under the umbrella of Limited Companies that were on paper controlled by family members and associates of the subjects. Every few years a new Limited Company was created and new company officials were appointed giving the impression of a new business, however the core business (kebab shop/takeaway business) would continue to operate as before at the same premises. In the latter part of the operation, properties were purchased in the name of these Limited Companies.

#### Use of cash

A large proportion of the funds generated by the operation were by way of cash and therefore not traceable. Assets (particularly the business interest in kebab shops and takeaway outlets) were also purchased using cash. This method made it difficult to prove that criminal funds were laundered through the business accounts as the subjects of the criminality appeared not to be directly involved in the businesses. It was also difficult to apportion beneficial interest in company assets.

#### Use of multiple accounts and credit cards

Use of multiple bank accounts at various financial institutions with the effect that turnover was diluted so as not to draw attention to scale of funds from criminality. In this case, information provided to banks about individual earnings or turnover funds for businesses were exaggerated. Funds were channelled (layered) through various personal, business and family/associate accounts to conceal the source.

#### Use of Money Service Businesses

Funds were regularly transmitted abroad to Europe and Turkey through money service businesses using the subject's names, variations of names, alias identities, family members, associates and multiple addresses.

#### Funds abroad

Purchase of properties abroad in subject's and family member's names. Transfer of funds abroad to family members.

The use of cash couriers and the abuse of the trade systems are also applied by the human-trafficking offenders to launder their illicit funds. This was elucidated in Case studies 6.6 and 6.8. Third, the utilisation of funds is usually in the form of personal investments, mostly in real estate properties (NFIU analysis 3). The investment in properties is highly attractive to the criminals, because in the West African region and Nigeria in particular, there is an absence of a database which traces or links individual identities to the landed properties and other assets acquired with proceeds of crime (EFCC Investigator 1; UNODC Expert; NCA Expert).

Profiting in human trafficking is not like the other organised crimes where the Nigerian offenders do not have to live abroad before benefiting from their victims when collaborating with their co-transnational offenders in the global North (mostly in European states). The phenomenon of human trafficking implies that Nigeria is a source country where the traffickers get their victims recruited very cheaply for sexual exploitation in Europe (NAPTIP Investigator 1). Exploitation of the victim abroad generates more financial flows in Europe in comparison to the operation of the recruiters in Nigeria that frequently received transfers of funds through hawala as operational funds from the main trafficker, the 'Madam' (the woman leader of human trafficking network) who operated from Europe (NAPTIP Investigator 1).

The identification of illicit financial flows is difficult to ascertain during recruitment stage in Nigeria (NAPTIP Investigator 2). The techniques of transportation of the victims of human trafficking from Nigeria, the source country, are well understood by the competent authorities in Nigeria (NAPTIP Investigator 1; NAPTIP Investigator 2). These techniques were also discussed in the Chapter 3. Notwithstanding this, the modalities and methods for the laundering of proceeds of funds generated from human trafficking exist at destination countries where victims are de-humanised and exploited in Europe (FATF, 2011).

Consequently, breaching this gap will require effective collaboration from the source country i.e. Nigeria, with that of destination countries located in the developed countries, and European regions in particular. The case study 6.6 shows how the Nigerian *Madam* operating from Norway maximized the illicit profits generated from accumulated debt bondage from sexual exploitation of her

Nigerian victims when ordering them to perform prostitution tasks in European States' such as Norway.

The techniques used to conceal the proceeds of crime by the offenders in this case involved the hawala network of payments transfer and bulk cash courier from Norway to Nigeria. This payment and transfer system is preferred to avoid suspicion and reporting of their illicit transactions at destination countries when depositing funds through financial institutions.

The human traffickers engage in the operation of cash intensive businesses such as restaurants as well as food-takeaway shops (Case study 6.8). The significance of doing this is to dilute the small denomination of currency obtained from their criminal activities, with that which is paid by the restaurant customers in a quest to launder the proceeds of crime (FATF, 2011).

It was revealed in Case study 6.8, that the proceeds of crime were being diluted with legitimate earnings from kebab shops, takeaway outlets and a snooker hall. In the same vein, the use of money service businesses (MSBs) is usually employed whereby small amounts of money are being structured on multiple transactions to form a large pool of fund which "snow balls" into a single account by the offenders (NFIU Financial Analyst 2). Additionally, the practice whereby people with different accounts send money to targeted accounts is commonly adopted by the human traffickers in Nigeria (NFIU Analyst 2). According to the Chief Compliance Officer 1, dormant accounts in Nigerian banks were sometimes reactivated to help shield these proceeds of crime from the investigators. These financial flows are usually traced to families and associates during the investigation activities of the competent authorities (NFIU Analyst 2; Case Study 6.8).

### 6.1.3 Basic Money Laundering Techniques and Case Studies of Advance Fee Fraud Offenders (AFF)

This section examines two case studies of the Nigerian advance fee fraud offenders. The 'old' generation and the 'new' generation and each of these will be discussed in turn. The analyses of these cases differentiate the mechanisms of proceeds of crime generated by the AFF offenders in Nigeria in comparison with other OC groups in the country. Chapter 3 of this thesis categorised the Nigerian

AFF transnational crime phenomenon into two types first, the '419' (the old generation offender) and second, 'Yahoo-Yahoo' (the new generation offender). The 419 phenomenon derives its name from the section 419 of the Nigerian criminal code - the first legislation to criminalise the act of obtaining by false pretence in Nigeria (EFCC Investigator 1).

However, the contemporary modern day system of Information Communication and Technology (IC&T) has updated all the role play of old generation AFF crime highlighted within Chapter 3 to the 'Yahoo-Yahoo' AFF transnational crime in Nigeria the early 2000's (EFCC Investigator 1). The name Yahoo-Yahoo is derived from the yahoo internet email platform, which is one of the oldest email platforms where the new generation AFF offenders first commenced the victimisation of internet users in the globalisation of crime (EFCC Investigator 2). In this type of AFF transnational crime, a single offender can complete the circle of the crime (see Case Study 6.10).

Nonetheless, both generations of offenders profit from deals of false pretence. The success of offenders in the generation of their proceeds of crime is facilitated by their victims' *interest to 'reap from where they do not sow'* (profiting without investment). Many victims succumb to the tricks of AFF offenders, thus facilitating illegal businesses in Nigeria or taking part in the sharing of corruption money from Nigeria (Zook, 2007). That is why the characteristic of this crime is so different from other organised crime which involves selling illicit commodities or providing illegal services before profit from the proceeds of crime is made.

The AFF offenders obtain proceeds of crime from their victims when dealing in the trade of 'greed' (Blommaert & Omoniyi, 2006). However, the new generation AFF offenders are now going cyber by stealing identities of the victims over the internet and defrauding them of their life savings (EFCC Investigator 2).



**Case Study 6.9: Using a Complex Web of Shell Companies, Multiple Jurisdictions, Frontmen and Wire Transfers to Launder Proceeds of Bank Fraud by Old Generation AFF Offenders**

A certain Chief N of country X in West Africa presented himself to Bank B in Latin America as a legitimate businessman seeking an offshore bank account to transfer outstanding payments that were due to a company for contracts executed in country X. Bank B was promised a percentage of the total sum for its services once the transaction was successfully concluded. Bank B bought into the proposal and thereafter made initial payments to Chief N for the purpose of documentation and processing of the payment to Bank N. However, what started off as a simple and straightforward transaction became very complex, transcending the initial proposal into other carefully orchestrated business proposals with tempting offers running into millions of dollars. At the end, Bank B was conned into making remittances totalling US\$200 million through several third parties (for the ultimate benefit of Chief N) in return for nothing. A significant portion of the proceeds of this crime was used to purchase real estate in country X and in Europe. It was a classic case of an advance fee fraud (a.k.a. 419). The crime was committed between 1995 and 1998. More interesting to the present study, however, is the process leading to the laundering of the criminal proceeds. At the initial stage of transaction, Chief N instructed Bank B to remit funds in favour of appointed local banks in country X. Thereafter, he instructed the local banks to raise separate drafts in favour of real estate agents and vendors to purchase and/or develop real estate for himself and for legal entities in which he held undisclosed controlling interests via nominees. Because of certain drawbacks, Chief N bypassed the local banks and opted to use an Asian merchant, Mr A, based in Country X on the recommendations of the local banks he had previously used. Consequently, Chief N would instruct Bank B to make remittances in favour of Mr A, who maintained offshore bank accounts in Hong Kong and Switzerland for the primary purpose of aiding the money laundering designs of Chief N. Bank B complied and made several remittances totalling US\$120 million. For each remittance to the offshore accounts, Mr A would provide country X's local currency equivalent, after which Chief N would further instruct Mr A to make remittances directly in favour of third-party vendors of real estate and other assets. In order to meet the local currency requirements of Chief N, Mr A continued to source and maintain a ready pool of individuals and other entities with the ability to provide the local currency in exchange for the equivalent in hard currency, which was often remitted to offshore destinations on the instructions of the individuals and entities. The payments in the local currency frequently took the form of bank drafts. Chief N would then take these drafts to the vendors and acquire assets in his name and in the names of companies he had established. In many cases there was no direct link between the funds taken from Bank B, including the intermediary banks, and Chief N. This way, Chief N successfully isolated himself from the proceeds of the crime and indeed laundered the proceeds without detection. The link only became apparent after the funds were traced to Mr A's accounts and Mr A was arrested and required to explain the transactions. For properties purchased in Europe, Chief N opened a Swiss offshore bank account and instructed Mr A to remit funds directly to that account, which Chief N subsequently used to purchase the real estate.

The transactions involved several reputable FIs and DFNIs, individuals, legitimate and front companies, cutting across several countries and gulping a whopping sum of nearly US\$200 million at the expense of Bank B. So far, three individuals and five companies have been convicted in a single suit. None of those convicted was a financial institution. Predicate offence: fraud (419)

Mechanism: solicitation of advance fee for fraudulent contract

Technique: misuse of financial institution, taking advantage of multiple jurisdictions, use of offshore country, use of shell companies and misuse of real estate sector.

Source: (Nigeria cited in GIABA, 2008)

Case study 6.9 revealed how dangerous and organised the old generation AFF offenders in Nigeria are. They operate with all the characteristics of organised crime as described in Chapter 2. The complex illicit financial flows in this case involved the laundering of stolen funds from Banco Noroeste of San Paolo, Brazil

in the late 1990's (Basel Institute on Governance, 2009). In this case, an offshore country (the Cayman Island) was used to hold the proceeds of cash balance falsification in a fraud of “breath-taking audacity” by the head of the international division of Banco Noroeste, who was then defrauded by the Nigerian '419' fraudsters (Basel Institute on Governance, 2009). It was suggested that the proceeds of these criminal activities amounted to USD242.5 million including interest and costs which was laundered across jurisdictions such as Switzerland, UK, the United States (US), Hong Kong, Singapore and within Nigeria in particular (Case study 6.9; Basel Institute on Governance, 2009).

SWIFT transfers through financial institutions were used with multiplicity of fictitious accounts and multiple jurisdictions by the Nigerian AFF offenders (Case study 6.9). The proceeds of crime were often used to purchase valuable real estate in Europe, America and Nigeria using frontmen and shell companies to conceal the origin of the ill-gotten funds.

#### **Case Study 6.10: AFF Identity Theft – Misuse of Financial Institution to Transfer Fraudulent Funds and purchase of Luxurious Goods**

One of the recent cases of the EFCC on AFF posits that a Nigerian undergraduate international student in Malaysia specialised in sending malicious software to victims' email addresses to conduct phishing using different international bank brand names. He was arrested in December, 2012. Three laptops were recovered from him containing about 2,000 email addresses. All these email addresses have their individual passwords to each of them. He was able to use his phishing techniques to acquire the passwords of over 2,000 victims via the internet. Also, wire transfer instructions were sent from those compromised email accounts to the banks. Once he opens the account and sees financial information (such as statement of account or notification of transactions) from the victims' banks via their emails, he would write back to the bank using the victim's email account and give instructions to the bank to transfer money from victims' account to another dedicated account. The banks relied on those email instructions because they believed that the email originated from their customers. He was charged and convicted in court to 18 years imprisonment in Nigeria in 2013. One of the cars that were seized from him was bought at N18m Naira (USD 112,500).

Source: EFCC Investigator 4

Unlike the old generation organised AFF offenders who had structured business networks, the new generation AFF offender operates through a 'one-man business' policy, where the offender may not require collaboration of other offenders (EFCC Investigator 1). The success of the new generation is attributed to global development in the use of information communication and technology (see also Chapter 3). As a consequence of this, the AFF offender may set up fake federal

government letters from the laptop or smart phone. These fake unsolicited emails can also be sent out from the same laptop or smart phone to various recipients using email harvester, this is a soft-ware to steal e-mail identities over the internet (Att-Asamoah, 2009).

The offender can communicate with victims using Skype, email, Yahoo messenger, Facebook, Twitter and other social media, using a laptop in one room without engaging any other criminal partners (EFCC Investigator 1). The offender can have the money wired from one jurisdiction to another, to circumvent stringent anti-money laundering laws and move the money to where banking law regulations are lax, particularly in respect to anti-money laundering. The global standards on money laundering have changed and the standards have now become very high between 1990 and 2013 (EFCC Investigator 1). Account opening and movement of funds are now globally monitored by designated competent authorities (FATF, 2012). However, the young offender in Nigeria highlighted in Case study 6.10 may not bother to open bank accounts in the country to facilitate the perpetration of the crime through the receipt of foreign currencies from their victims through global South and global North following identity theft or trade in 'greed' (Zook, 2007).

The older generation offenders solely depend on financial institutions in profiting from their proceeds of crimes (EFCC Investigator 1). Western Union and other alternative money transfers are the common methods via which the proceeds of crime are received by the new generation offenders (EFCC Investigator 4). In the 1990's the uses of these channels were significantly low and payment of foreign currencies to Nigeria were done through direct bank transfers.

Today, international money transfers now work electronically, i.e. via 'the electronic cash', where money does not move physically (EFCC Investigator 1). The victims provide the offender the codes and the control number which enables the offender to walk into any international money transfer agent's office in order to pick the proceeds of crime (EFCC Investigator 1). According to the EFCC Investigator 1, "will the offender use his real name and address to collect this money? The answer is No". Therefore the offender is not required to have a structured OC enterprise as compared to the old generation AFF offenders in order to launder the proceeds of crime within the global jurisdictions (EFCC Investigator 1). The Scammer meticulously can create 500 identities with different names and corresponding addresses to and would create his own fake identification documents to support those fictitious names and addresses (EFCC Investigator 1). These fictitious names and addresses are used by the offenders to pick-up

proceeds of crime from the operators of about 4,000 international money transfer agents in Nigeria, mostly Western Union and MoneyGram (EFCC Investigator 4).

## **6.2 The Overview of the Money Laundering “Red Flag” Indicators Used by the Organised Crime Offenders in the Reviewed Case Studies**

Following the analysis of 10 case studies involving the laundering of proceeds of crime originating from drug trafficking, human trafficking, and advance fee fraud (AFF) in this chapter a number of red flag indicators of money laundering activities have been identified. These red flag indicators are considered to be helpful in eliminating the illicit financial flows of organised crime in West Africa and Nigeria in particular. These red flag indicators are categorised into general and specific money laundering indicators depending on the nature of the crime. The general indicators cut across all three (3) types of transnational crime while the specific indicators are peculiar to the laundering of the proceeds of crime by a certain OC group in the country.

### **6.2.1 The General Red Flag indicators**

The general red flag money laundering indicators that can help prevent the illicit financial flows of the organised crime highlighted in this thesis are further classified into categories in this section. They range from indicators of: displacement of legal framework; misuse of cash transactions; misuse of financial institutions; misuse of money service businesses (MSBs); misuse of agents, intermediary third party and associates; illicit investment in real estate, and misuse of trade based transactions. See Appendix B for the list of general money laundering indicators of the OC groups in Nigeria.

### **6.2.2 Differences in Red Flag Indicators: Drug Trafficking, Trafficking in Human Beings and Advance Fee Fraud Cybercrime**

Having highlighted the general red flag indicators of illicit financial flows of specific organised crime in this chapter, there appears to be a peculiar difference in the way the proceeds of crime are redistributed to the offenders from the jurisdictions where the crime is committed to the country of origin where the funds are utilised by the offenders.

Specifically, the drug traffickers use more trade based money laundering than human traffickers and AFF offenders. This is because the drug traffickers deal in illegal commodities such as narcotics (UNODC, 2010).

These illegal commodities are mixed with legal goods in the 'name' of international trade as imported goods from source countries where narcotics drugs are cultivated for instance, in Bolivia (NDLEA Investigator 2). The offenders in the transit country i.e. Nigeria can then send empty containers to source countries where the illicit commodity will be concealed amongst legal goods originating from high risk jurisdiction where narcotics are cultivated (Case study 6.3). Thereafter, the drugs are carried in the baggage and stomach of drug couriers from Nigeria as a transit country to destination countries in European States where the drugs are sold for higher value (NDLEA Investigator 1). The profits generated in Europe are used to procure valuable commodities there which are then shipped back to the transit country where the goods are sold at a discount (Case study 6.4). Consequently, the proceeds from crime are redistributed to OC networks with the use of over and under invoicing. The trade based money laundering terms that provide offenders in Nigeria the opportunity to transfer funds to suppliers of illicit commodity in excess of purchases and liabilities (NDLEA Investigator 1; Case study 6.3). Drug traffickers in Nigeria depend mainly on the redistribution of the proceeds of drug trafficking business to their counterpart networks in the globalisation of crime. This is achieved by abusing gaps in the international trade systems that exist in developing countries where informal trade system thrives.

Unlike the drug trafficking networks where illicit proceeds are redistributed among the network's actors and senders through illicit wire transfer when sharing the proceeds of crime. The traffickers in human beings maximise the illicit proceeds using non-financial institutions. The *Madam* in Europe will receive smaller denominations of currencies from different people from different regions with common addresses to the same beneficiary at destination countries where victims were exploited. Therefore, the bulk of the larger denomination of cash is transferred back home by the trafficking master using alternative remittance systems (FATF, 2011). Furthermore, when this transaction is routed through financial institutions the sender of the funds at the destination country is the same as the recipient of the transfer at country of origin, for instance, in the case of Nigeria (FATF, 2011). This happens when the *Madam*, the ring leader of the trafficking business at the destination country, repatriates her proceeds of crime from there to her country of origin.

Additionally, transfer of funds from destination countries by the victims to their families abroad is also peculiar to trafficking in human beings as compared with other identified organised crime such as, drug trafficking and advance fee fraud (AFF). Their victims abroad do not usually have relatives to transfer up-keeping allowance to Nigeria. In human trafficking, victims usually transfer small amounts of funds to their relatives at country of origin while large sums are remitted to the criminal group (FATF, 2011). This is one of the reasons why human trafficking thrives in West Africa and Nigeria in particular. Therefore, other vulnerable families may be enticed to give their children away for exchange of foreign currencies originating from the victims' share following her weekly contribution to their overseas *Madam* located in the European country (Elabor-Idemuda, 2003).

Furthermore, major jurisdictions where organised crime occurs are classified as high risk jurisdictions (FATF, 2012). Therefore, there is a close monitoring of transactions from those countries because major illicit flows of organised crime are channelled through high risk countries and offshore countries. On the contrary, the proceeds of advance fee fraud involves a unique transfer of funds coming from all parts of the world. The proceeds of the crime is determined by the number of identities that can be stolen using information technology software or the number of victims that can be deceived with the trick of the old generation AFF offender in a 'sale of greed'. This means that AFF proceeds of crime attracts more jurisdictions than other identified organised crime.

Additionally, other organised crime identified within this thesis invests in "illegal commodities" that are resold at illegal markets. For instance, drug traffickers invest in illicit narcotics while the human traffickers invest in the vulnerable girls and children from West African countries, particularly Nigeria. Thus, illicit commodities are offered to the beneficiaries of those services within the underground illicit global markets located in the Global North and particularly within Europe. On the contrary, the AFF actors only engage in false pretences or the direct theft of a victim's financial information without their knowledge. This implies that the proceeds of AFF transnational crime are maximised through the level of 'greed' of potential victims or the success of phishing software used in the identity theft of potential victims (Case studies 6.9 & 6.10). Consequently, there is financial flow from their victims who are located globally, to criminal perpetrators without services being rendered in return, in comparison with the illegal trade in narcotics

drugs and human labour, as well as prostitution services offered by drug trafficking traffickers and human traffickers.

Case study 6.8 demonstrated that proceeds of crime were being diluted with legitimate earnings from kebab shops, takeaway outlets and a snooker hall. Similarly, the services of money service businesses (MSBs) were often engaged through which small amounts of money are used in a series of multiple transactions to form a large pool of funds which then eventually amalgamate into a single account belonging to the offenders (NFIU Analyst 2). Additionally, the use of people with different accounts sending monies to targeted accounts is commonly adopted by human traffickers in Nigeria (NFIU Financial Analyst 2). According to the Chief Compliance Officer 1, dormant accounts in Nigerian banks were sometimes reactivated to help shield these proceeds of crime away from the investigators. The linkages established as a result of these financial flows are usually traced to families and associates during the investigation activities of the competent authorities (NFIU Analyst 2, 2013; Case Study 6.8).

### **6.3 The Roles of Specialised Competent Authorities in Curbing Organised Crime in Nigeria**

In Nigeria, various agencies are responsible for the fight against organised crime and money laundering and have their respective mandates enshrined in different legislative Act and Instruments. This section will focus on the roles of competent authorities (CAs) that are the main and recognised agencies in Nigeria and are at the fore-front in the fight against drug trafficking, human trafficking and advance fee fraud (AFF). These agencies are: National Drug Law Enforcement Agency (NDLEA), The National Agency for Prohibition of Traffic in Persons and other related matters (NAPTIP), and; The Economic and Financial Crimes Commission (EFCC).

#### **6.3.1 The Role of National Drug Law Enforcement Agency (NDLEA)**

The National Drug Law Enforcement Agency (NDLEA) started operations in 1990 and were given the responsibility of enforcing the provisions of Decree 48 of 1989, now known as CAP N30 LFN 2004 (NDLEA, 2011). This Act mandates the agency with the role of controlling illicit drug cultivation, abuse, possession, manufacturing, production, trafficking in narcotic drugs, psychotropic substances and chemical precursors (NDLEA, 2008).

The NDLEA controls the inflow of illicit drug trafficking from source countries where drugs are cultivated and smuggled into Nigeria as a transit country (NDLEA, 2010). It is no longer a peculiar phenomenon when drug traffickers import drugs from high risk jurisdictions and trafficking it to consuming markets at destination countries located in the global North, mostly in European states and America (NDLEA Investigator 2, 2013). The law enforcement operations of the agencies forced the traffickers in Nigeria to seek other alternative routes along vast land and porous borders between some West African countries in an attempt to sustain and reposition their trafficking activities (NDLEA, 2011).

Additionally, the contemporary cultivation of cannabis is of major concern in Nigeria (GIABA, 2010; Chapter 3). Table 6.1 below reveals that cannabis accounts for the highest number of drug seizures in Nigeria from 2004 to 2011. This was largely attributed to the fact that, the distribution of locally produced cannabis from Nigeria is often exported through porous borders within Nigeria to neighbouring countries (NDLEA, 2008).

**Table 6.1: Interdicted Drugs in Nigeria 2002-2011**

Year	Cannabis	Cocaine	Heroin	Others	Total	Male	Female
2002	506,846.09	35.35	55.62	791	507,728.06	2,549	108
2003	535,593.75	134.74	87.58	937.41	536,753.48	2,316	174
2004	68,310.07	124.47	90.94	233.83	68,759.31	3,382	318
2005	125,989	395.91	70.42	88.72	126,543.65	3,181	292
2006	192,368.30	14,435.88	33.09	515.57	207,352.84	5,883	440
2007	210,262.90	393.678	120.638	699.735	211,476.00	5,891	477
2008	335,535.34	365.4904	11.6054	530.4033	336,442.84	7,584	315
2009	114,700.71	392.05	104.71	712.77	115,910.24	6,700	342
2010	174,661.59	706.433	202.08	2,550.622	178,120.73	6,296	492
2011	191,847.91	410.81	39.752	2,985.447	195,283.9	8,072	567
<b>Total</b>	<b>2,456,115.66</b>	<b>17,394.81</b>	<b>816.44</b>	<b>10,045.51</b>	<b>2,484,371.05</b>	<b>51,854</b>	<b>3,525</b>

Source: NDLEA 2011

The agency designed a National Drug Control Master Plan in 2000, to help control and mitigate the risk of importation of bulk trafficking of illicit drugs from source countries to Nigeria (NDLEA, 2008-2011). The objective of this master plan was to combat the menace of drug trafficking in Nigeria (NDLEA Investigator 1). The



bulk of narcotic drugs are often transported by sea using trade based money laundering (Case study 6.3). Also, the master plan was intended to strengthen the existing strategy for combating the outflow of about 80 percent cocaine and heroin trafficked through Nigeria's airports where most illicit drugs consumed in European states are being smuggled through (NDLEA, 2008-2011).

The evidence of the success of the master plan is shown in table 6.1, where the agency recorded the highest incidence of interdiction of illicit drugs in 2008. The number of cases of seizure of illicit drugs jumped from 211,476.00 in 2007 to 336,442.84 in 2008. This confirms that effective crime management has correlation with the attitudes of the offender towards crime in any country (Van Dijk, 2008; Levi, 2013).

Nonetheless, the information on traffic incidents of the offenders in Nigeria were not included in the NDLEA analysed statistics. Also, the number of cases of drug traffickers prosecuted by the NDLEA in Table 6.2 is incommensurate with the recorded high number of cases of incidents of interdicted illicit drugs recorded in Table 6.1. According to Van Dijk (2008), the analysis of global trends in crime is problematic due to a lack of data integrity of the official statistics of the Interpol and other competent authorities responsible for crime control and preventions in many countries. In the UK, the British Crime Survey severally revealed that about half of the crimes committed in the UK are unreported in the police record (Kershaw et al., 2001). Van Dijk also postulated that "in some countries, traffic incidents are included, and in others, they are not or only partially included" (Van Dijk, 2008:17). Therefore, it is difficult to ascertain the effectiveness of criminal justice systems in combating crime when using official statistics alone in many jurisdictions. See also Chapter 8 on "Collaboration against Organised Crime Illicit Financial Flows in Nigeria: A call for Data and Intelligence Reports Assurance" for better understanding on the limitations and constraints of governmental statistics in criminological study.

In addition, the offender may conduct further research and apply a much improved strategy to circumvent the efforts of law enforcement agencies by exploring other methods of committing crime. This was discussed in Chapter 5 when exploring the rational choice theory and anti-money laundering regime using the VAT model. Hence, the drug traffickers in Nigeria constantly sought to redirect their trafficking

routes and explore the porous borders within the West African sub region (GIABA, 2010a).

**Table 6.2: Prosecution of Drug Traffickers in Nigeria (2000-2011)**

<b>Year</b>	<b>Cases</b>	<b>Won</b>	<b>Lost</b>
<b>2000</b>	1,626	1,624	2
<b>2001</b>	1,172	1,172	0
<b>2002</b>	870	870	0
<b>2003</b>	817	817	0
<b>2004</b>	853	853	0
<b>2005</b>	779	779	0
<b>2006</b>	1,363	1,363	0
<b>2007</b>	1,508	1,459	49
<b>2008</b>	1,720	1,712	8
<b>2009</b>	1,506	1,497	9
<b>2010</b>	1,526	1,509	17
<b>2011</b>	1,501	1,491	10
<b>Total</b>	<b>13,615</b>	<b>13,522</b>	<b>93</b>

Source: NDLEA, 2012

This resulted in a drastic reduction in the number of drug seizures during 2009-2011. The OC offenders are often overwhelmed by the stringent laws applied via law enforcement strategies between these periods and aimed at reducing the risk of commission of the crime and will always seek a formidable alternative method where the offenders cannot be arrested when transmitting the illicit drugs to consuming countries located in the global North in the far Europe.

**Table 6.3: Reported seizures, arrests and convictions by 12 West African Countries (2008-2009)**

Country	Cannabis	Cocaine	Heroin	Arrests	Convictions	Convictions (%)
<b>Benin</b>	2,365.674	498.603	4.411	438		
<b>Burkina Faso</b>	39,442.000	95.602	0.770	1198	1072	12.56
<b>Cape Verde</b>	1,632.968	964.861	0.850			
<b>Guinea Bissau</b>	2.500	648.000				
<b>Gambia</b>	3,402.000	91.700	7.000	1400		
<b>Ghana</b>	40,912.595	1,261.750	4.376	256	126	1.47
<b>Liberia</b>	41,255.750	2,092.800	89.700	813	18	0.21
<b>Mali</b>	29,986.000	226.900		189	54	0.63
<b>Nigeria</b>	978,854.250	15,983.008	340.470	31045	6800	79.70
<b>Senegal</b>	24,787.809	2,723.683	1.331			
<b>Sierra Leone</b>	50,565.956	753.376		894	461	5.40
<b>Togo</b>	3,396.724	520.817	52.843	957		
<b>Total</b>	<b>1,216,604.226</b>	<b>25,861.100</b>	<b>501.751</b>	<b>37190</b>	<b>8531</b>	<b>100</b>

Source: GIABA, 2010

The number of convicted drug traffickers in Nigeria also increased within this period. The convicted offenders increased from 1,459 in 2007 to 1,712 in 2008. There was also a drastic reduction in the conviction rate in 2009. The number of convictions fell from 1,712 in 2008 to 1,497 in 2009, and also from 1,509 in 2010 to 1,491 in 2011 as a result of counter-measure strategies of the drug traffickers in Nigeria.

The enforcement strategies of the agency also impacted on the overall initiatives employed in combating drug trafficking in West Africa. The agency was at the forefront of the analysed 12 countries' money laundering typology report on drug trafficking businesses in the West African Region (GIABA, 2010a). The Agency accounted for 79.70 percent of the total conviction records of the analysed countries according to the GIABA report. This is a remarkable success that is

worth mentioning within this period. Additionally, Nigeria is the country in West Africa that has the longest jail terms for drug traffickers according to this report (Appendix C).

Notwithstanding the operational successes of the NDLEA in Nigeria, the drug trafficking business still thrives in the country. Levi and Maguire (2004) have argued that it is not self-evident that successful destruction of organised crime groups and/or convicting their leaders will reduce overall levels of criminal activities in the global states. In Nigeria, the deficit in capable governance and lack of social welfare for Nigerian citizens is said to have accounted for this to a larger extent (NDLEA Investigator 2).

### 6.3.2 The Role of National Agency for Prohibition of Traffic in Persons and Other Related Matters (NAPTIP) in Nigeria

The National Agency for Prohibition of Traffic in Persons and Other Related Matters (NAPTIP) was established on 8 August 2003 by the Federal Government of Nigeria to help drive the country's obligation and compliance requirements under Article 5 of the Palermo protocol with the aim of combating trafficking in persons whilst fulfilling the objectives of the United Nations Transnational Organised Crime (TOC) Convention (NAPTIP, 2010). The definition of trafficking in persons as suggested by Article 3a of the protocol is provided in Chapter 2 of this thesis.

However, Trafficking in Persons (Prohibition) Law Enforcement and Administration Act, 2003 as amended designates a number of functions for the agency in Nigeria. This is highlighted in the text box 6.1.

It is against this backdrop that the NAPTIP developed the 4P's strategy to help drive its core mandate provided under the Act. They are: Prevention; Prosecution; Protection; and Partnership. This thesis will use data collected from the NAPTIP during the fieldwork in Nigeria to analyse the operational efficiency of the agency in dealing with its roles. The prevention and prosecution strategy will only be discussed in this section.

## Text Box 6.1: The Function of NAPTIP

- a. To coordinate all laws on trafficking in persons and related offences;
- b. To adopt measures to increase the effectiveness of eradication of trafficking in persons;
- c. To adopt witness protection measures;
- d. To enhance effectiveness of law enforcement agents to suppress traffic in persons;
- e. To establish proper communication channels, conduct research and work on improving international cooperation in the suppression of traffic in persons; by land, sea and air;
- f. To reinforce and supplement measures in bilateral and multilateral treaties and conventions on traffic in persons;
- g. To work in collaboration with other agencies or bodies that may ensure elimination and prevention of the root causes of the problem of traffic in any person;
- h. To strengthen and enhance effective legal means for international cooperation in criminal matters for suppressing the international activities of traffic in person;
- i. To strengthen cooperation between the Attorney-General of the Federation, Nigeria Police, Nigeria Immigration Services, Nigeria Customs Services, Nigeria Prison Services, Welfare Officials and all other agencies in the eradication of traffic in person;
- j. To take charge, supervise, control and coordinate the rehabilitation of trafficked persons, and;
- k. To investigate and prosecute traffickers.

Source: Trafficking in Persons (Prohibition) Law Enforcement and Administration Act, 2003

Firstly, the prevention strategy aims to promote an awareness and understanding of the threat of trafficking in human beings (THBs) poses to the general public and institutional stakeholders in Nigeria.

The agency achieved this through the use of Information, Education and Communication (IEC) aids, advocacy, publicity, seminars, conferences and workshops (NAPTI, 2013). The objective of this strategy is to prevent potential victims from being trafficked by the offenders of THBs when adequate awareness of the threat of human trafficking is created by the agency to the general public.

**Table 6.4: Age Distribution of Rescued Victims in Nigeria (2012 and 2013)**

Age range	2013	%	2012	%	Variance %
0 - 17 years	591	61.3	381	50.9	+10.4
18 - 27 years	308	32.0	334	44.6	-12.6
28 year & above	65	6.7	34	4.5	+2.2
<b>Total</b>	<b>964</b>	<b>100.0</b>	<b>749</b>	<b>100.0</b>	<b>0.0</b>

Source: NATIP Interview Data, 2013

The table 6.4 indicates an increase in the number of rescued victims between ages of 0 – 17 years in 2013. It is evidence that the ages of the victims are of great significance to the offenders of human trafficking when determining the illicit market value of trafficked victims (see also VAT Model in Chapter 5). Therefore the attractiveness of this age group is a reflection in the variance of +10.4 percent in 2013, when the number of rescued victims increased from 381 in 2012 to 591 in 2013.

If the threat of THBs is increasing among children and girls who have been trafficked for child labour and sexual exploitation in/out of Nigeria, then the prevention strategy of the agency ought to increase proportionally to help counter the menace of this threat amongst young Nigerians.

Nonetheless, awareness creation at Local Education Authorities (LEAs) in the rural areas where girls and children are often recruited cheaply and trafficked both in and out of the country is recorded by the agency (NAPTIP Investigator 1). Likewise, students of secondary schools and tertiary institutions are not left out in the campaign against human trafficking in Nigeria. Furthermore, for the prevention strategy to work effectively, lawyers and other professionals that are involved in the investigation and prosecution of cases of human trafficking in Nigeria required effective collaboration from the agency's operatives. This will provide them with the required knowledge of new trends employed human traffickers. NAPTIP has limited number of staff and less capacity to drive the menace of human trafficking in Nigeria (NAPTIP Investigator 1 & 2). Therefore, NAPTIP has to educate other law enforcement agencies in Nigeria on the new trends and patterns of human trafficking. This will increase collaboration efforts in the fight against the scourge of human trafficking and other related crime in the country.

Secondly, the prosecution strategy of the agency needs to be enhanced to attain a robust conviction regime for the country in fulfilment of her international obligation in the fight against human trafficking. The total number of convicted human traffickers in Nigeria over a period of ten years from 2004 to 2014 accounts for 258 convicted offenders.

**Table 6.5: NAPTIP Summary of Convictions from August, 2004 – December 2014**

Centre	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL
Abuja	1	4	2	1	1	2	2	1	-	1	3	18
Lagos	-	-	-	-	5	7	1	6	10	15	7	51
Kano	-	-	-	-	5	3	12	11	5	12	16	57
Uyo	-	-	1	-	1	3	2	-	4	6	1	17
Benin	-	-	-	3	-	3	7	22	2	7	4	48
Sokoto	-	-	-	-	13	10	4	8	1	3		39
Enugu	-	-	-	2	2	-	2	-	2	2	4	14
Maiduguri	-	-	-	-	-	-	1	3	1	-		5
Makurdi	-	-	-	-	-	-	-	-	-	-	3	3
<b>Total</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>27</b>	<b>28</b>	<b>31</b>	<b>51</b>	<b>25</b>	<b>46</b>	<b>38</b>	<b>258</b>

Source: NAPTIP, 2015

It can be observed that the number of rescued victims for the two years i.e. 2012 and 2013 totalled 1,713 victims (964 and 749) within that period as illustrated in table 6.4. However, only 25 and 46 traffickers were convicted in 2012 and 2013 respectively. In the same vein, the total number of suspected traffickers in 2012 and 2013 were 134 and 293 respectively (NAPTIP, 2013). The analyses of these two tables suggests that Nigeria has a robust rescue regime while her conviction regime for human trafficking is in deficit. This is an indication that human trafficking criminal networks thrives in Nigeria more than drug trafficking OC type. In Table 5.4, the agency responsible for the fight against drug trafficking in Nigeria convicted 1,509 drug traffickers in 2010 and 1,491 in 2011. This is an indication that NDLEA has a better conviction regime in comparison with NAPTIP when evaluating the operational successes of the agencies responsible for curbing the financial flows of OC groups in Nigeria.

The challenges of the ineffective conviction regime of the NAPTIP is associated with the following reasons (NAPTIP Investigator 1 & 2): low commitment and lack of political will in the states and local government areas where victims are trafficked from; intimidation, post-trauma depression and fear of voodoo (see

Textbox 3.1 in Chapter 3) makes victims reluctant to testify against their traffickers in court; inadequate understanding of the phenomenon of human trafficking by legal practitioners and by the judges who preside over human trafficking cases in Nigeria, and the slow pace of the judicial process which is a characteristic of the Nigerian criminal justice system.

Thirdly, the protection of the victims must be taken seriously in a country where a weak conviction regime exists (NAPTI, 2012). This will prevent victims from being re-trafficked back when deported from destination countries in the Global North (in European states) and Global South (in Nigeria) with a robust law to rescue victims from their offenders after prosecution and conviction. Therefore, victims have to be rehabilitated and integrated back into the system. The thematic scope for victims' protection in Nigeria is enshrined in the following: reception, identification, sheltering, counselling, family tracing, return/repatriation, integration, empowerment and the follow up monitoring and disengagement after proper integration (NAPTIP, 2012). According to NAPTIP, out of 749 and 964 victims rescued in 2012 and 2013 respectively, the agency identified a total number of 651 and 820 as Nigerians (see Appendix D on rescued victims of human trafficking in Nigeria, 2012-2013). The victims rescued by NAPTIP cuts across the 36 states of Nigeria as witnessed in the data of rescued victims of human trafficking, by states of origin in the country. In all, a total of 7,529 victims of human trafficking were recorded to have been rescued and rehabilitated by NAPTIP in 2013 since its inception (NAPTIP Data Analysis, 2013).

These victims were counselled in the Counselling Centres of the Agency in order to understand the circumstances behind their vulnerabilities which exposed them to the risk of trafficking (NAPTIP, 2011). This is because in the process of the counselling reports being produced by Centres, the agency could develop a robust strategic plan for victims' empowerment and integration within society as well as a possible reunion of the victims with their families.

Fourthly, the agency adopted national and international partnerships, collaboration and cooperation as a strategy to better achieve its mandates in Nigeria as a leading agency in the fight against human trafficking. The results and successes of this strategy will be reflected in Chapter 8, where this thesis discusses the collaboration of the Nigerian Financial Intelligence Unit (NFIU) with the other



competent authorities responsible for the fight against organised crime and its illicit financial flows in Nigeria.

### 6.3.3 The Role of Economic and Financial Crimes Commission (EFCC) In the Fight against Advance Fee Fraud in Nigeria

The Economic and Financial Crime Commission (EFCC) is the institution responsible for curbing the threat of Advance Fee Fraud in Nigeria. Before the establishment of the Commission Nigeria had been perceived as a high risk jurisdiction, because of the activities of Nigerian AFF offenders in the perpetration of crime globally (EFCC, Investigator 1). Legitimate Nigerian businessmen have been deprived of the opportunities to participate in simple e-commerce transactions that exist in the global trade (EFCC Investigator 1). Payments instruments emanating from Nigerian financial institutions were not recognised and acceptable by many jurisdictions for international trade during this time (EFCC Investigator 1). The IP addresses, (the Internet protocol by which data is sent from one computer to another over the Internet) emanating from Nigeria were blacklisted by many e-commerce platforms including e-bay and JCPenney (EFCC Investigator 1).

It is against this backdrop, that the Commission is empowered to combat the menace of AFF in Nigeria through its Act of establishment together with the Advance Fee Fraud and other Fraud Offences Related Act, 2006.

In the quest to exercise this mandate effectively, the Commission adopted the combination strategies to combat the threats of AFF in Nigeria; these are (EFCC Investigator 1): intelligence gathering; enforcement; disruption, and prevention and engagement with stakeholders.

#### *Intelligence Gathering*

The Commission engaged confidential informants to gather information of the AFF offenders and the various locations from which illicit routine activities were conducted. It also achieved intelligence gathering through anonymous information reporting via its official website (Abubakar, 2009). Similarly, mail courier companies, cybercafés, money services businesses (MSBs), such as MoneyGram and Western Union money transfer and banks were approached routinely to make available transactions reports of the identified offenders (EFCC Investigator 4). Additionally, the Nigerian Financial Intelligence Unit is routinely and effectively

utilised by the Commission to provide proactive intelligence for the Commission (Abubakar, 2009).

### *Enforcement*

The enforcement activity of the Commission includes prosecution, conviction and the confiscation of the ill-gotten assets from the offenders. The Commission's conviction record stands at 117 in 2013 and 126 in 2014. The list of the convicted offenders in 2013 and 2014 has been included in the Appendix E of this thesis. The Commission also established specialised Units to enhance the enforcement of anti-card fraud, postal investigation and copyright and cybercrime strategies in Nigeria (Abubakar, 2009). These Units conducted numerous operational raids on the areas identified where the activities of the AFF offenders in Nigeria were rampant, and these operations yielded results for the Commission (EFCC Investigator 4). For instance, in 2005, the Commission conducted "*Operation Stop Payment*" in Oluwole, Lagos, where most of the counterfeit cheques that were sent abroad from Nigeria are chromed (EFCC Investigator 4). Through this operation, the Commission confiscated many counterfeit cheques destined for US and Europe worth 55 billion Naira or \$27, 638,191.00 (EFCC Investigator 4). The Commission also conducted operation "*Cyber-storm*" in 2008, when it found-out that most of the communication equipment used by the Nigerian AFF offenders originated from the cybercafé. This operation resulted in the arrest of 136 AFF suspects in Nigeria, across 23 cities and 163 cybercafé outlets (EFCC, Investigator 4).

The Table 6.6 shows the value of currencies forfeited on interim and final order to the EFCC from January 2003 to March 2013. The grand total of these illicit proceeds of crime stand at \$3,499,760,572.00. For the calculation of this figure see Appendix F.

Table 6.6: **Amount of Currencies Value Recovered by EFCC from January 2003 – March 2013**

YEAR	NAIRA	DOLLARS	EURO	POUNDS	RIYALS
2003	974,783,213.06	185,360.00	-	-	-
2004	21,018,557,263.28	416,020.00	7,350.00	37,000.00	-
2005	71,053,996,008.60	9,718,051.98	12,050.00	6,990.00	-
2006	8,199,908,189.03	32,288,125.00	32,007,350.00	17,060.00	-
2007	41,478,054,319.70	81,180,462.60	11,310.00	484,945.00	-
2008	44,542,822,622.30	3,192,531.00	2,000.00	5,500.00	-
2009	255,404,401,841.19	10,414,446.93	8,600.00	78,115.00	-
2010	10,559,513,355.91	1,534,277.00	45.00	21,500.00	-
2011	11,117,460,717.88	168,068,974.75	21,620.00	561,844.00	-
2012	27,844,769,688.19	72,863,112.37	33,585.40	32,020.00	350,000.00
2013	5,287,891,074.13	4,276,235.00	2,600.00	8,000.00	-
<b>Total</b>	<b>497,482,158,293.27</b>	<b>321,137,596.63</b>	<b>32,106,510.40</b>	<b>1,252,974.00</b>	<b>350,000.00</b>

Source: Interview data from EFCC, 2013

Thus making illicit proceeds of crime forfeited to one agency (the EFCC) in Nigeria to be higher than the estimated official GDP of a country i.e.

Liberia that was put at 2.015 billion in 2015 by the US Central Intelligence Agency (CIA), in its website (<https://www.cia.gov/library/publications/the-world-factbook/fields/2195.html>). Liberia is also Nigeria's counterpart member-state of the West African nations. If this fund is judiciously re-invested into Nigerian economy, criminal activities may not be seeing as a fashionable ways of creating social and economic order in Nigeria.

#### *Destruction of Criminal Business Model*

The Commission has commenced projects with the aim of addressing the issue of crime following the conduct of in-depth threat assessment of the AFF menace in Nigeria and these projects are working effectively (EFCC Investigator 1). The Commission has Information Communication and Technology (ICT) capability to disrupt the criminal business model activities of the Nigerian AFF offenders without their knowledge (EFCC Investigator 1). According to EFCC Investigator 1, the Commission usually monitors the e-commerce transactions of the Nigerian AFF offenders over the Internet (2013). Often, when an offender procures merchandise with stolen cards and identities, the Commission will intercept these goods and send them back to the countries where the victims are located. The Commission

also has the technology to detect, intercept and retrieve the counterfeit cheques and other financial instruments emanating from the AFF offenders in Nigeria and return them to their victims abroad without the offenders' knowledge (EFCC Investigator 4).

#### *Prevention and Engagement with Stakeholders*

The Commission has sustained the impact of its preventive measure through print and the use of electronic media to educate young Nigerians on the threat and consequence of AFF to the offenders, and the nation in particular (Abubakar, 2009). Additionally, the Commission has dedicated a whole Unit to drive home its preventive strategy (EFCC Investigator 4). The Unit visits universities and tertiary institutions in Nigeria to educate young Nigerians on the dangers and the threat emanating from the activities of AFF in Nigeria (EFCC Investigator 4). Workshops and conferences on AFF and Cybercrime were held in Nigeria in 2007 and 2010 respectively (EFCC Investigator 4). Furthermore, the EFCC is collaborating effectively with relevant stakeholders and competent authorities in Nigeria and internationally in order to find an effective and lasting solution to the menace of AFF in Nigeria (EFCC Investigator 4).

#### **6.4 Conclusion**

This chapter has considered a number of case studies on how organised crime financial flows are concealed and manipulated from destinations of crime (in Europe) to the origin where the offenders live or originated from (in West Africa and Nigeria in particular). The explored case studies analysed are both typological case studies of the Financial Action Task Force (FATF) and that of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). The Chapter revealed specific techniques and mechanisms adopted by organised crime offenders when laundering the proceeds of crime originated from the Global North (in European states, including the United Kingdom) and the Global South (in West Africa and Nigeria in particular).

There appear to be some general indicators on how the proceeds of drug trafficking, human trafficking and advance fee fraud are concealed and manipulated across the four corners of the globe. In this vein, some of these indicators are peculiar and specific to certain organised crime groups. The drug

trafficker criminal group uses trade-based money laundering than other organised crime groups, therefore; the proceeds of crime are re-distributed to the criminal group using trade-based mechanism and money transfer. The receivers and senders of profits originated from drug trafficking are usually different beneficiaries at different jurisdictions. Whereas in human trafficking, the indicator suggests that the ring leader of the group in Europe, at the destination country where victims were exploited through debt bondage received smaller denominations of foreign currencies from their victims and transferred it back to their national origin using cash courier and alternative remittance to channel the proceeds to their bank accounts. Therefore, in human trafficking the receiver and senders of the proceeds tend to be the same at different jurisdictions. Additionally, in advance fee fraud, proceeds of crime can be generated through all jurisdictions. Unlike that of drug trafficking and human trafficking that received larger shares of proceeds of these crimes from the global North in Europe and United States, the AFF illicit proceeds attracts more jurisdiction in both global North and the global South.

**Part 3**  
**Success and Failure: Policy Implications**

## **Chapter 7**

### **Impediments Affecting the Curbing of Illicit Financial Flows from Organised Crime in Developing Economy: Policy Implications**

The impediments affecting the fight against money laundering and organised crime financial flows vary from one country to another. Its impact may be comparatively less in developed economies where more sophisticated instruments, such as regulations, treaties and best practices exist to curb the financial flows from serious crime. However, the impediments that militate against curbing the proceeds of organised crime in developing economies are overwhelming. The analyses of expert interviews conducted in Nigeria, Ghana, Senegal and the Gambia revealed numerous challenges and shortcomings that impede the success in the fight against organised crime financial flows in West Africa and Nigeria in particular. This will be fully discussed in turn in this chapter. There is also a discussion within this chapter on the policy implications as a result of these analyses and its impact on the developing economic circumstances.

#### **7.1 Analysis of Impediments**

The analyses of expert interviews revealed numerous impediments that militate the fighting of illicit financial flows of organised crime in Nigeria. These challenges, which also affect developing economies in general, have been classified into four categories in this thesis. These categorizations are informed by the expert interviews conducted in Nigeria, Ghana, Senegal and the Gambia and are: Political impediments; Operational and Social impediments; Economical impediments; and Legal impediments. Each of these categorisations will be discussed extensively in this section.

##### **7.1.1 Political Impediments**

The political impediments against the success of curbing the financial flows of organised crime are divided into two. First, 'blindfolded' capable guardian and political corruption, and; second, politicising the operational autonomy of the Financial Intelligence Unit (FIU) in Nigeria. These will be discussed in turn in this section.

*'Blindfolded' Capable Guardian and Political Corruption*

In most developed and developing economies where the fight against criminal proceeds recorded a successful outcome, there is also a strong correlation to good governance and political will that is free of political corruption (World Bank and IMF, 2008). The capable guardian in this thesis refers to the political leadership of a country. In Nigeria, the capable guardian (the government) is expected to commit their will towards curbing the financial flows of organised crime.

According to Felson and Clarke (1998:4) in Police Research Series Paper 98, titled "Opportunity Makes the Thief", it is suggested that a routine activity approach to crime determines the success of any criminal opportunity. The authors considered three core concepts upon which crime opportunities can occur. They are: a likely offender, a suitable target/victim, and the role of capable guardian against crime. Following the occurrence of a deficit within the capable guardian and suitable target/victim, the rational actor, the offender takes a suitable decision based on the crime opportunities available within the environment they operate. Consequently, a robust political will and good governance is presumed to exist on the part of a capable guardian of whom there is an expectation of mediation and prevention of criminal opportunities in Nigeria. One of the greatest challenges recognised by the Inter-Governmental Action Group against Money Laundering in West Africa (hereinafter, GIABA) within the West African region is the inability of countries to make improvements due to a lack of political will to fight transnational organised criminal activities among some member states and in some instances less political will is observed (GIABA Expert 1). Therefore, the absence of political will in the fight against crime is a major constraint that constitutes a weak link in the fight against illicit flows from organised crime in Nigeria.

According to National Drug Law Enforcement Agency (NDLEA) investigator 2, "the Political Exposed Persons (PEPs) who are expected to be role models in Nigerian society are often the most criminal minded in the country. This makes the culture of crime in Nigeria a 'pleasure' and the punishment of crime (the pain) less fashionable, due to the involvement of PEPs in all sorts of crimes in Nigeria". For instance in 2010, the Edo State House of Assembly aspirant in Nigeria was arrested by NDLEA for attempting to export 2.120kg of cocaine concealed in his stomach at the Murtala Muhammed International Airport (MMIA) Lagos when traveling abroad (GIABA, 2010). This illustrates the 'symbiotic' relationship



between capable guardian and the organised crime offenders, where legal actors are committing organised crime (Nikos Passas, 2003).

In the same vein, former president Goodluck Jonathan of Nigeria granted Late Alamiyeseigha, a notorious money launderer and ex-governor of Bayelsa State a presidential pardon in 2013 (BBC 13 March, 2013). The former president was his deputy governor during a period of political theft of the revenue belonging to the people of Bayelsa, (one of the richest oil states in Nigeria) when Alamiyeseigha was governor and resulted in residents of that state wider living in poverty (BBC 13 March, 2013). Alamiyeseigha jumped bail from London in December 2005 for allegations of money laundering and the concealment of the proceeds of corruption in the United Kingdom (BBC 13 March, 2013). Furthermore, £3.2 million was found in cash and bank accounts in the UK and he owned real estate worth £10 million pounds in London (BBC 13 March, 2013). He "forged documents" and "dressed as a woman" to escape the UK (BBC 13 March, 2013). He pleaded guilty in Nigeria and was jailed for 2 years in 2007 (BBC 13 March, 2013).

Consequently, if the political leadership of a country are corrupt and profiting from crime, they would naturally turn a blind eye to the criminal acts of other criminal offenders to maximise and legitimise their illicit enrichment generated from revenue due to the government as it was in the case of Alamiyeseigha who was granted presidential pardon by former president Goodluck Jonathan.

The prevalence of corruption within the African region and Nigeria in particular, can accelerate the disintegration of institutional frameworks combating crime and hinders the effectiveness of the establishments with the mandate to carry out the various processes under these frameworks. This can affect the ability to monitor criminal activities within the region (GIABA Expert 1).

**Table 7.1: Years Comparison of Reports and Renditions from the Reporting Entities**

<b>RENDITION/REPORT TYPE</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Total CTRs</b>	14,137,163	7,958,616	4,776,597
<b>Total STRs</b>	4,150	3,824	1,590
<b>Cases Developed</b>	1,067	86	270

Source: NFIU, 2012

Table 7.1 shows a drastic reduction in the statistics of currency transaction reports (CTRs) transmitted to the Nigerian Financial Intelligence Unit (NFIU) by the reporting entities. For instance the figure stands at 14,137,163 CTRs before the amendment of the anti-money laundering law in 2010 and reduced to 7,958,616 CRTs in 2011, the year of the amendment and further decreased to 4,776,597 in 2012. It is submitted that such displacement within a legal framework may be a deliberate attempt to launder the proceeds of political corruption within this era. This provides opportunities for other organised crime offenders to shield their illicit proceeds when the capable guardian has misplaced priorities.

It is against this background, that the required legislation, instruments, policies and resources to fight criminal organisations are compromised in many corrupt developing economies. The consequential effect of this will translate to lax laws and weak institutional frameworks (GIABA, 2015).

For instance, the compromised amendment of the Money Laundering (Prohibition) Act (ML(P)A, 2004 effected in ML(P)A 2011 by the Nigerian law makers evidences shortcomings in the international threshold reporting requirement of the FATF for currency transaction reports (CTRs) of corporate entities in Nigeria (GIABA, 2012). The Nigerian government increased the reporting threshold value from USD 15,000 to USD 43,000 (GIABA, 2012). The implication of this is that illicit financial transactions that are below USD 43,000 can be easily laundered due to legislation displacement within this period. This may facilitate the laundering of illicit proceeds by individuals within the criminal network for the purposes of illicit enrichment through corruption and organised crime activities in Nigeria.

#### *Politicising the Operational Autonomy of the Financial Intelligence Unit (FIU) in Nigeria*

It was submitted that the establishment of the Nigerian Financial Intelligence Unit (NFIU) was done in hurry, in an attempt to remove Nigeria from the naming and shaming list of the Financial Action Task Force which labelled countries as Non-Cooperative Countries or Territories (NCCTs) (Ribadu, 2010). Nigeria was named and shamed on the FATF blacklist in 2001, 2002 and 2005 consecutively (Unger and Ferwerda, 2008). The United States of America (USA) Treasury also issued an advisory warning to all financial institutions in the US to take extra care and engage in stringent scrutiny when conducting transactions involving Nigeria

(Ribadu, 2010:6) Following the blacklist of Nigeria in the FATF NCCTs list and the US Treasury Advisory Warning, International trades and other international investments became very problematic in the country (Ribadu, 2010). After all, since 1999, the anti-money laundering instrument “has been a formal process for imposing economic sanctions on countries that do not play their part, by slowing down their international transactions and making it almost impossible for their banks to clear funds through other countries” (Levi and Reuter, 2006). Therefore, blacklisting of countries for not complying with international recommendations and standards achieves the objective of coercing jurisdictions into cooperation (Pieth, 2006).

It is against this backdrop that the Nigerian government established the Economic and Financial Crimes Commission (EFCC) in 2003 and the Act which established the EFCC i.e. (EFCC (Establishment) Act, 2004) designated EFCC as a Financial Intelligence Unit (FIU) in Nigeria (Section 1(2) (c) of the ECFF Act). In 2004 the EFCC management established the Nigerian Financial Intelligence Unit (NFIU) as a specialised unit of the Commission to operate as a FIU for the country. As a result of the existence of a fully operational FIU in the country, the Nigerian FIU team worked tirelessly to remove Nigeria from the labelling list of the FATF (NFIU Analyst 3). In 2006, the FATF de-listed Nigeria from its NCCTs naming and shaming list (Unger and Ferwerda, 2008). Consequently, in March, 2007, the NFIU was admitted into the elite group of FIU by Egmont Group. Therefore with the Egmont Group status FIU, Nigeria cooperates with other counterpart FIUs in the world in the global to fight against the illicit criminal funds of organised criminals.

However, the operational autonomy of the NFIU as a specialised Unit had been questionable under the establishment of the EFCC (GIABA, 2012). GIABA, the regional standard setter for anti-money laundering and combating the financing of terrorism (AML/CFT) had argued in the mutual evaluations of Nigeria, that the NFIU’s existence *de facto* and not *de jure* (GIABA, 2012). That is to say NFIU existed in fact but not in law. Since only establishments that operate in law are given funding support through the Federal Government annual budget in Nigeria, however, the FIU has been operating with the envelope budget (a sub-budget of the main budget) from the EFCC since its establishment. The NFIU does not have a budget of its own and it cannot initiate and embark on strategic projects without the approval of the EFCC (NDLEA Investigator 1). It is against this backdrop that many agencies in Nigeria do not recognise the Financial Intelligence Unit (FIU)

because of its *de jure* circumstances and they prefer to go through the EFCC whenever there is a need to deal with NFIU (NDLEA Investigator 2). According to NDLEA investigator 1, the NFIU cannot function well if it lacks the required control over its budget as well as the operational autonomy to serve and support other counterpart LEAs with the required intelligence report to counter the illicit financial flow of organised crime in Nigeria.

It is as a result of the GIABA's observation that the NFIU exists *de facto* and not *de jure*, which compelled the Nigerian Senate to approve the bill in order to create the Financial Intelligence Agency in 2014 (This Days Live, 2014). The cardinal objective of the bill was to grant the Nigerian FIU, the required operational autonomy for it to become an independent institution to drive transparency and effective management of financial intelligence in Nigeria (Daily Independent, 2013). According to 'This Days Live' (2014), the new bill separates the NFIU from the Economic and Financial Crime Commission (EFCC). Furthermore, the new autonomous FIU will now be domiciled in the Federal Ministry of Finance (This Days Live, 2014).

Consequent to the enactment of a new act to establish an autonomous FIU in Nigeria, it is not clear whether there will be an amendment to the EFCC establishment Act that designated the Commission as the FIU for the country; in order to relinquish it of this special role. Additionally, there is no robust transition strategy for the new FIU under the Ministry of Finance with regards to the migration of the existing resources at the current FIU under the EFCC. The current FIU in Nigeria is an elite member of the Egmont Group (NFIU Analyst 3). It has a robust analysis tool called goAML, which was deployed by the UNODC under the European Union technical assistance to counter organised crime and money laundering in Nigeria (EFCC, 2013). It also has information, technology and communication (ICT) hardware procured by EFCC, where its legacy data is being warehoused (NFIU Analyst 4). Additionally, 80 per cent of the NFIU staff were exposed to international training for combating money laundering under the sponsorship of supranational institutions regarded as standard setters i.e. (The World Bank, IMF, UN, Egmont Group, other elite FIUs, FATF and the GIABA) for money laundering and organised crime.

Further discussions with the NFIU Analyst 6 suggest that the current staff of the existing FIU have to reapply for another role in the new FIU, subject to availability. If this is the case, there will be a lot of deficit in the migration of the resources and

legacy data of the existing FIU. The EFCC may not let its ICT infrastructure go if the new law is not clear about transition strategy for the resources of the old FIU to the new FIU. As a result, Nigeria may also lose its membership status of the elite FIU, since the new FIU will have to start the application process all over again if it lost the pioneer and strategic staff of the existing FIU who collaborate with the network of the global FIUs to government bureaucracy. This is very strategic for the country, many autonomous FIUs of the world struggle to become members of the Egmont Group and their applications are frequently declined.

Furthermore, the bureaucratic tendencies that exist within the Federal Ministry of Finance will further hinder the effective operational capacity of the new FIU when being situated under the Ministry. After all, the bureaucratic tendencies of the Ministry of Finance contributed to the reasons why Nigeria was blacklisted in the first instance. According to Ribadu (2010), “further missives from the FATF seeking to organise a fact-finding trip were ignored. That ‘Kafkaesque’ tale is the reason why Nigeria landed on the wrong side of the FATF and faced serious repercussions — without the country’s leadership even being aware of it”. Thus, it will only be rational to place the operation of the Nigeria FIU under the law enforcement agency in order to achieve its objectives as developing countries (Ribadu, 2010). In addition, the unfortunate circumstance of political corruption and lack of a political will to fight crime in Nigeria will only become worse if the FIU is situated under a Ministry that is full of politics and bureaucratic tendencies.

#### 7.1.2 Operational and Social Impediments

There is no doubt that the fight against organised crime and illicit financial flows started in developed countries where sophisticated environments exist (Bassiouni, 1990). Therefore, implementation instruments to tackle the threat of organised crime and illicit financial flows are benchmarks and best practices that originated from developed countries, where global standard setters are situated. For instance, the headquarters of the International Monetary Fund (IMF) and The World Bank are situated in the United States of America while the FATF is situated in France. However, developing countries with less sophisticated environments are compelled to follow recommendations and standards that have originated from those developed environments (FATF, 2012). It is against this backdrop, that the instruments and recommendations designed to curb organised crime and money laundering are perceived as undue pressure amongst developing economies

rather than global initiatives to combat crime and indeed profits originating from crime. African Development Bank (ADB) (2007) posits that implementation of comprehensive anti-money laundering policies in developing countries comes with some unique challenges. Therefore, developing countries are domesticating (applying stringent standards in their countries) anti-money laundering recommendations on face value, since they are not allowed to take any initiative of their own. Instead they are compelled to ensure total compliance with sophisticated anti-money laundering recommendations that originated from developed countries. It is in this vein that Halliday, Levi & Reuter (2014) posit that countries are not allowed to address issues of money laundering to suit their national circumstances. Thus making the ratification of these recommendations and standards to be implemented on 'face-value' rather than to localise them to meet countries AML regimes challenges. This creates deficits in the fight against proceeds of crime in many developing countries, including, Nigeria.

The following operational and social impediments are attributed to the weaknesses in the fight against the proceeds of crime in Nigeria: customer due diligence bottlenecks; the consequence of customer due diligence on financial inclusion and social justice; law enforcement operating environment and its complications in Nigeria; Reporting Entities' Compliance Officers versus Law Enforcement Agencies in Nigeria; and organised crime offenders in Nigeria are recidivists.

#### *Customer Due Diligence Bottlenecks*

Implementing comprehensive Customer Due Diligence (CDD) is challenging in Nigeria. FATF recommendation 10 requires reporting institutions to use reliable sources of information to ascertain the identity and verification of their customers when conducting transactions in the course of doing business with any customer in Nigeria (FATF, 2012). It is against this backdrop: that financial institutions (FIs) and designate non-financial businesses and professions (DNFBPs) are compelled to conduct customer identification of their customers before conducting or consummating any customer relationships with them in the cause of doing business (see also Chapter 5). However, the application of CDD in Nigeria is impeded by the following factors: lack of unique customer identification; lack of robust addressing system, and; proliferation of identification documents.

#### Lack of unique customer identification for Nigeria Citizens:

It is submitted that recommendation 10 is not effective in Nigeria because the principle of know your customer (KYC) can only be effective in countries where there are unique identifiers for citizens, such as National Identity Numbers and Social Security Numbers as it is applicable in developed countries where the AML standards originate from. There is no central database in Nigeria where the biometric information of citizens is being maintained for a social development (NFIU Analyst 1; EFCC Investigator 1; NDLEA Investigator 1; NAPTIP Investigator 1; SCUM Regulator 1; Chief Compliance Officer 1).

Consequently, the OC offenders in Nigeria take advantage of this deficit to shield the proceeds of crime, since they are aware that there is no social framework to identify the Nigerian population. One of the cases analysed in this thesis, illustrates how one OC offender acquired multiple identities with different names and addresses in order to perfect the illicit trading in drug trafficking (GIABA, 2010). The expert interviews conducted at the Economic and Financial Crimes Commission and Nigerian Financial Intelligence Unit also revealed that one offender of organised crime in Nigeria was apprehended with 300 international passports with different names and addresses (EFCC Investigator 1, NFIU Analyst 3). This further supports the argument of Levi that offenders of organised crime engaged in modest money laundering techniques and they do not find it difficult to bypass the criminal justice system because very little is known about how problematic it is to launder the proceeds of serious crime in social environments (Levi, 2013). See also Chapter 6 the typological case studies and techniques of money laundering schemes.

#### Proliferation of Identification Documents in Nigeria:

Consequent to the requirement of acceptable identification documents for account opening purpose in Nigeria, a proliferation of identification documents is rife in the country (NFIU Analyst 3). In Nigeria, three means of identifications are popularly accepted by the banks when opening accounts for their customers. They are: international passports; driver's licences and national identity cards (FRN, 2010). These identification means are only chosen for account opening purposes and not for identification in the real sense. After all, about 56.3 million bankable adults, representing 64.1 percent of the adult population in Nigeria are financially excluded while only 28.6 million people, representing 32.5 percent of the adult population have bank accounts (African Development Bank, 2014). This is further

discussed under “Environmental Consequence of Customer Due Diligence on Financial Inclusion” in this chapter.

The cost of acquiring these identification documents is on average £80 or higher depending on the urgency for these documents (Daily Trust, 2014). The driver’s licence is meant for qualified drivers whilst international passport are acquired when travelling abroad. The requirement for verifiable identities for AML regime purposes could make these two means of identification vulnerable to exploitation since many people could procure them for account opening purpose alone and not for driving and travelling purposes, which are the original objectives of these identification documents.

#### Lack of Robust Addressing System:

Furthermore, the addressing systems in the West African region are not organised (UNODC Expert). In Nigeria, there is no postcode addressing system; therefore customers’ locations are described with a landmark such as market place, hospital, town-hall, church and mosque (NDELEA Investigator 1). Consequently, the absence of a robust addressing system increased the cost of banking in Nigeria (Chief Compliance Officer 1). The banks in Nigeria have to conduct physical visitation of their customers before certain accounts could be operational (Chief Compliance Officer 2). This means that banks have to budget for customer visitations in order to reduce the risk of verification and identification problems, this has a cost implication on the anti-money laundering (AML) regime and further burden is mounted on the reporting institutions (Chief Compliance Officer 1). In the UK and the US, physical visitation of individual customers is not necessary since there is an existence of a robust address system and databases to validate and verify customer identity and location at every point in time. Nigeria, on the contrary has a problematic addressing system which makes address verification very difficult for the purpose of know-your-customer (KYC) (Chief Compliance Officer 1). Houses are not serially numbered in Nigeria, therefore locating an offender during investigation activities and money laundering cases presents a great challenge (NDLEA Investigator 1).



*The Consequence of Customer Due Diligence (CDD): Pressure on Financial Inclusion and Social Justice*

The anti-money laundering pressure in the rural areas debars financial inclusion in Nigeria (CBN Regulator 2). Financial inclusion has been defined as ease of access to formal financial systems by the member of the economy (Kama and Adigun, 2013). If the objective of financial inclusion is to provide the people in the economy, including the poor, disabled, rural and other excluded populations with easy and quality financial services (Kama and Adigun, 2013), then CDD regulation in developing economies should be made suitable, to attract those members of the economy that are excluded from accessing formal financial products and services. According to African Development (2014), about 56.3 million adults, representing 64.1 percent of the adult population in Nigeria are financially excluded whilst only 28.6 million people, representing 32.5 percent of the adult population operate bank accounts. These categories of people have to be encouraged to patronise financial institutions.

For instance, the minimum account opening balance for a savings account is below £10 in Nigeria (First Bank, 2015) while the cost of opening an account could be higher than £80 when procuring identification documents such as international passport or drivers licence in the country for CDD purpose (Daily Trust, 2014). Therefore, those who are in the rural areas, poor, or those that are excluded from the financial institutions, would be further excluded socially if these mandatory identification documents continued to be the only accepted means of identification for account opening purposes for bank customers. Consequently, potentially excluded bankable adults may be totally discouraged from benefiting from the products and services offered by the financial institutions, if they do not have money to obtain an international passport or drivers licence for account opening documentation purposes.

The prerequisite for Nigerians to provide specific means of identification before an account can be opened to gain access to the financial institutions impedes social justice. After all, the local communities in Nigeria have a way of identifying themselves for community development without the use of these identified and mandated unique identity requirements accepted by the FATF for conducting financial transactions.

### *Lack of a Robust Land Registry*

The land registries in West African jurisdictions in general and Nigeria in particular are not organised and updated enough to reveal evidence of use of the proceeds of crime by organised crime offenders (UNODC Expert). Therefore, the offenders will buy unregistered properties that are difficult to identify, trace and confiscate by the competent authorities when conducting investigative activities on those assets. However, in Europe properties are listed and well documented to make the LEAs there able to follow the money trail and assets of criminal activities during their investigation in developed countries (NCA Expert). Furthermore, the lack of databases to monitor the land title registry record of asset owners and the unavailability of a robust land registry makes the tracing of illicit landed properties very difficult in Nigeria and the West African region as a whole (NCA Expert; UNODC Expert).

### *Law Enforcement Operating Environment and its Complications in Nigeria*

The Nigerian law-enforcement operating environments are characterised by many complications. Firstly, law enforcement agencies (LEAs) in Nigeria are under-funded and there are little incentives and operational funds available to them to fight crime (NCA Expert). In the UK, LEAs are given a certain percentage of forfeiture and confiscated assets of the proceeds of crime, this makes most of the competent agencies curbing organised crime and its crime proceeds, financially independent in the UK (NCA Expert). Furthermore, there are poorly paid government (including law-enforcement agencies) officials who can be corrupted in the fight against organised crime financial flows in the region due to poor motivation and compensation management by many competent agencies in West African states (GIABA, Expert 1). According to NCA Expert, most LEAs in Nigeria are under-funded. Little incentives and operational funds are available for them to fight the crime. In the UK LEAs get certain percentage of the proceeds from forfeiture assets (NCA Expert). Therefore, they can leverage on revenue generated through this medium to support their operations when the government budget for the LEAs is reduced.

Secondly, the Nigerian LEAs operational environments lack some sort of specialised training to function well in their roles (NFIU Analyst 5). The dynamics of organised crime and proceeds of crime management requires competent agencies to stay on top of the situation. This will only happen when officers are

equipped with specialised training that available in developed countries (NDLEA Investigator 2). In the same vein, operational weakness is observed in the onsite inspections and examinations conducted by the reporting entities regulators (NFIU Analyst 5). The NFIU Analyst suggests that most supervisory and regulatory agencies in Nigeria usually focus on the prudential elements of the reporting entities during their review. This makes the review on the AML component suffer, due to insufficient knowledge and specialised training on how to conduct the required AML review in Nigeria (NFIU Analyst 5). Consequently, NFIU conducts targeted and onsite risk-based AML reviews on some reporting entities jointly with their institutional regulators (CBN Regulator 2).

Thirdly, the turnaround time for intelligence sharing to curb organised crime proceeds of crime in Nigeria is a huge concern. The EFCC Investigator 2 argued that most of the time when a reactive intelligence report (IR) is requested from the NFIU by the Commission, the NFIU's response to this request comes late, thereby making the shared intelligence outdated. This implies that the investigator might have to use another means of getting the same intelligence request from the NFIU. This makes investigator miles ahead of the NFIU in intelligence gathering in Nigeria owing to the fact that, the investigators are usually beyond the stage in which this information is needed (Investigator 2). Furthermore, the NFIU Analyst 2 suggests that poor data integrity at the NFIU is attributed to delay in turnaround time of the NFIU IRs. Going forward, if the NFIU receives quality reports from the reporting institutions, the quality of its proactive and reactive IRs will improve in Nigeria (NFIU Investigator 2). Additionally, there are issues surrounding the under-reporting of the transactions consummated within the reporting institutions. This slows down the pace of the NFIU during analysis of its intelligence reports, since it has to continually revert to the reporting institutions to mend this gap when reactive IRs are requested (NFIU Analyst, 5, emphasis added).

Fourthly, the combination of all operational complications affecting the competent agencies fighting organised crime and money laundering in Nigeria resulted in inter-agency rivalry amongst LEAs in the country (NFIU Analyst 6). This impedes effective cooperation of the LEAs when collaborating locally and internationally to trace the proceeds of serious crime. According to NFIU Analyst 6, it is erroneously believed that agencies with higher operational successes will attract more supranational funding from foreign counterparts who provide counterpart funding to support intelligence needed to curb organised crime and money laundering in a developing economy. This also affects the turnaround time for intelligence

gathering and dissemination of intelligence reports by the NFIU amongst the relevant agencies in Nigeria and beyond.

### *Reporting Entities' Compliance Officers versus Law Enforcement Agencies in Nigeria*

A fundamental problem worth mentioning is that of bitterness faced by many compliance officers within reporting institutions and banks in particular when performing their anti-money laundering roles in Nigeria (Chief Compliance Officer 1). There appears to be a serious social problem in the way some of the LEAs officers deal with compliance officers of reporting entities with the former treating the latter with suspicion during the process of gathering developing intelligence in Nigeria. According to Chief Compliance Officer 2, the compliance officers from the reporting institutions are sometimes treated like common criminals. This happens when the law enforcement agencies are not getting results from the banks for their investigative activities and intelligence gathering. They usually believe that the banks are not with them but rather with the offenders. Furthermore, the LEAs are not making available relevant information that can help the reporting institutions and bank deal with new trends and patterns of the laundering activities of organised criminals in Nigeria (Chief Compliance Officer 2). In the UK there is a robust relationship between the law-enforcement agencies and the reporting institutions responsible for anti-money laundering obligation (NCA Expert).

### *Organised Crime Offenders in Nigeria are Recidivists*

According to EFCC Investigator 1, the organised crime offenders in Nigeria are recidivists, as they never stop committing crime. There are many cases of offenders being arrested, tried, jailed and convicted for their crime but they still continue their criminal activity even in prison. Many also travel to neighbouring West African Countries to extend and perfect their syndicate. A typical classic example is that of an offender convicted by the Commission and jailed in Lagos. After being sent to Kirikiri prison, he began posting newspaper adverts from the prison, and with these adverts he was able to defraud victims of millions of Naira right from his prison cell (EFCC Investigator 1). The Commission trailed him to the prison and discovered that he was operating bank accounts had access to mobile phones. In fact the Commission recovered five (5) mobile telephone sets from him in prison. It is important to say that prison itself is a connected territory for criminals. From the prison a lot of other crimes could be committed by the

criminals (EFCC Investigator 1). Additionally, the Commission investigated the case of an AFF offender who took USD 9 million from a Nigerian victim when he was in prison. Most Nigerian AFF offenders will never mend their ways after receiving punishment from their crime (EFCC Investigator 1).

In Levi and Osofsky (1995), the anecdotal evidence on repeat offenders also posits that “the offenders appear to get smart about hiding their assets once they have been deprived of them”. Therefore, it is difficult to put organised crime offenders out of business after being convicted for their crime. After all, many offenders can still secure illicit commodities (drugs) in credit from the wholesalers after being convicted for drug trafficking to start a new business (Levi and Osofsky, 1995). The majority of convicted drug trafficking offenders in Nigeria are drug couriers and a few dealers (NDLEA investigator). Many of the wholesalers and producers of narcotic drugs operated from high risk jurisdictions where illicit commodities are cultivated; bringing them to justice may have a significant impact on the commission of the crime. The ‘*reciprocity*’ relationship that exists between the legal and illegal actors in the source countries where drugs are cultivated will not clamp down on the illicit production of drugs from supply countries (Passas, 2003). Consequently, the destruction of supply market networks will be the best way to reduce the growing frequency of second time offenders. The scarcity in the production of illicit products may force the supply end to restrict supplies to offenders who can make instant payments for the procurement of narcotic drugs. The law enforcement authorities can then concentrate their resources to combat individual offenders that can make payments for those illicit commodities. The destruction of illicit supply markets will be a better strategy to curb the menace of repeat offenders for drug trafficking business to be specific.

### 7.1.3 Economical Impediments

The interviews revealed that the following economic challenges affect the effective implementation of crime proceeds management in Nigeria. These are: Cash Base and Parallel Economy, which includes the use of the hawala system of payments, activities of unregulated bureaux de change and under-regulated designated non-financial businesses and professions (DNFBPs); free cross-border movement of people and goods within the West African Region, and; Relationship Banking versus Financial Integrity.

### *Cash Base and Parallel Economy*

Cash based economy prevails in Nigeria as well as other developing economy where cash transactions are the norm of doing business (GIABA, 2007). The reasons for cash based economies within the West African states are attributed to high levels of illiterate people, large growth of cash oriented businesses, unregulated informal and parallel sectors, unrealistic bank interests and inadequate formal payment systems in the rural areas or lack of confidence in their use (GIABA, 2007). In the same vein, alternative value transfer and remittance systems played a major role in the success of many African economies (ADB, 2007). Consequently, legitimate business-people profit from a parallel economy when doing their business' whilst criminals exploit the vulnerability of a cash based economy to commit their crime (UNODC Expert; GIABA Expert 1). According to the UNODC Expert, the cash based economies within the West African Region facilitate integration of criminal funds very quickly. In Europe, financial transactions are largely consummated through financial institutions (FIs) (UNODC Expert).

### *Free Cross Border Movement of People, Goods and Cash within West African Region*

The porous borders coupled with free movement of people across the West African region allow easy passage of illicit cash (GIABA, Investigator 1). It is not the principle of liberty of movement of the people that impede the fight against organised crime and its financial flows but the absence of a monitoring role by any of the countries around these border crossings (UNODC Expert). There should be relative monitoring of peoples' inflow and outflow around the border crossings (UNODC Expert). This will prevent the activities of cash couriers that are operating along these porous borders, moving proceeds of crime from one country to another. This makes cash easily available to the criminal. This cash is often used to buy property in Nigeria (NDLEA investigator, 1).

### *Relationship Banking versus Financial Integrity*

According to the African Development Bank (2007), financial institutions in most African countries are relatively small and struggle to compete with the profitability statuses of their counterparts in developed countries that have greater access to international markets. Therefore, in order to achieve higher profitability status among the Nigerian banks, there exists the practice of performance targets given

to the banker to scout for bank deposits to increase the profitability and liquidity ratio of the bank (Chief Compliance Officer 1 & 2). The abuse of this practice attracts the illicit inflow of criminal proceeds into the financial institution. Additionally, the practice of relationship banking makes most of the Nigerian banks vulnerable to the illicit proceeds of organised crime offenders in Nigeria. According to the NCA Expert, one of the impediments against the success of curbing criminal money in Nigeria is the practice of relationship banking, where account officers' tip-off their customers during investigation activities of the LEAs.

In the manipulation of the illicit financial flows, sometimes money are wired directly by the organised criminal groups to the account of their account officers, who then later structure the illicit flows using in-house account of the bank (GFIC Analyst). The EFCC Investigator 2 also revealed how a relationship officer to a bank customer assisted the money laundering customer in Nigeria, shield their proceeds of crime, (See text box 7.1 below for details). This obstructs the money trails and provides security for the business of OC offenders within the West African region.

**Text Box 7.1: Illicit Act of a Crooked Relationship Officer in Nigeria**

The offenders often called their account officers, also known as relationship officers, to come and pick the illicit fund in their home. Most of the time a bullion van could be used to pick cash worth \$3,000,000.00 from the offender's home.

-The account officers would then open an account for the offender with these proceeds of crime. The advantageous aspect of it, is that the mandate card that is expected to be completed by the bank customer is actually completed by the accounting officers on their behalf.

-The accounting officers also assist in the structuring of the withdrawal of these funds into minimal amounts to avoid being flagged as STRs threshold reporting.

-They also operate this account for the procurement of illicit commodities on behalf of their customers.

EFCC Investigator 2

The enumerated act in the text box 7.1 summarises the illegal roles of accounting officers when abusing their positions and the integrity of financial institutions in order to meet the set performance targets of their banks.

#### 7.1.4 Legal Impediment

The legal impediments against the fight on transnational crime range from jurisdictional legal displacements when criminals relocate their criminal activities to jurisdictions with weaker laws and regulations. It also results in the unpreparedness of the global states in the management of the illicit confiscated assets of organised crime. The overall legal impediment is the ineffectiveness of the criminal justice system to combat crime.

##### *Jurisdictional Legal Displacement*

The ratification of international instruments demands that transnational crime should be dealt with in any State that has jurisdiction using the general principles, procedures and punishment in line with the ratified conventions, treaties and recommendations (Boister, 2003).

Notwithstanding the existence of the FATF's 40 recommendations and other relevant Conventions mentioned in Chapter 4 to curb money laundering and transnational crime, there still appear to be variations in the jurisdictional laws for combating organised crime proceeds in a global context.

This work in contrary to the principle of legality and the consequential effect of this is the legal displacement in the global states. Consequently, legal displacement is an impediment in the fight to combat transnational crime in Nigeria. According to Teichma (2004), a jurisdiction with lax laws attract recidivists who are shopping for new jurisdictions of harbour for the continuity of crime. The offenders will relocate from the jurisdiction with stringent laws where effective regulations and sanction regime exist to a weaker law regime jurisdiction. This is referred to as crime displacement in the country of new harbour. For instance, when the United States of America's illicit drug market became extremely difficult for the drug traffickers from Latin America to penetrate and operate, the offenders relocated their criminal activities to European states using Nigeria as a transit country, in the quest to maximise illicit profit (UNODC, 2010). The rationale for legal displacement is determined by the rational choice theory discussed in Chapter 5, where offenders consider the risks associated with crime based on two parameters.

First, the 'pain' (punishment upon being caught) or the 'gain' (the expected proceeds of crime when not being caught). According to one of the interviews conducted at EFCC, it argues that the greatest challenge on the fight to combat organised crime proceeds is the disparity in numerous jurisdictional laws and this



further impedes effective collaboration of the LEAs against organised crime and money laundering (EFCC Investigator 1).

*Impediment of Asset Recovery Management and Confiscation Act*

According to the GIABA (2014), Nigeria has not fully complied with the FATF Recommendation 3 on confiscation and provisional measures to combat the illicit assets and proceeds of OC offenders in the country. The absence of this law impedes the effective confiscation and management of criminal proceeds in Nigeria (EFCC Investigator 2). Consequently, confiscation of organised crime proceeds in Nigeria is extremely difficult because each law enforcement agency confiscates according to the provision contained in their Acts of establishment. Most of these Acts of establishment are not comprehensive enough to combat the illicit proceeds of serious crime in Nigeria (EFCC Investigator 3, GIABA, 2012). Furthermore, the management of assets under the control of the LEA in Nigeria is ineffective, since many of the LEAs in Nigeria do not have the capacity to manage those assets confiscated by them specifically assets under interim forfeiture (EFCC Investigator 3). The assets taken-over under interim forfeiture can go back to the offender upon being exonerated by the court of law from the crime in question or the assets may remain with the LEAs after the offender is convicted of a crime. The absence of enabling laws that authorise LEAs in Nigeria to dispose of assets that may lose value due to depreciation, when being taken over under interim forfeiture mechanisms account for global displacement of criminal proceeds. Comparatively, in the UK, the LEAs can sell the assets and put the money in a dedicated account before a case is concluded in court (NCA Expert). Therefore, money can be forfeited or given back to a suspect upon the conclusion of the case as determined by the court of law (NCA Expert). The absence of this assets recovery and confiscation management legislation grant organised crime offenders the opportunity to secure a restraining order from the Nigerian courts to stop law enforcement agencies in the country from the taking-over and management of their illicit assets during investigation and prosecution of their offences (EFCC Investigator 3). For instance, "in the case of *Akingbola v EFCC*, the High court in Nigeria restrained the EFCC from taking over the assets of the offender on this ground" (EFCC Investigator 3).

*Ineffective Criminal Justice System*

According to GIABA Expert 2, ineffective criminal justice in some African states within the West African region impedes the fight against organised crime. The law makers in certain instances will amend existing good laws thus compromising their impact in an attempt to shield their criminal activities (see Political Impediments: Blindfolded Capable Guardian and Political Corruption).

The law enforcement agencies in Nigeria are underfunded (NCA Expert). Therefore, the poorly paid officers can be corrupted and compromised by organised crime offenders during their investigation activities (GIABA Expert 1). Furthermore, the investigations recorded by the LEAs are of low quality due to scarce resources (GIABA Expert 1). This hinders the effectiveness of the LEAs within the West African region. In the same vein, low level competence in the detection and tracing of illicit assets belonging to offenders of organised crime is associated with developing countries (GIABA, Expert 1). Lately, organised criminal groups are getting more sophisticated than the LEAs and their assets are easily shielded away from the latter's investigations and confiscations activities (Levi, 2013).

Additionally, some lawyers act as agents of concealment of all illegal proceeds. For instance, organised crime offenders usually have a robust plan for hiding the profits generated from crime using lawyers and corporate nominees (Levi and Osofsky, 1995), but the question is what is the role of Nigerian lawyers in the fight against criminal proceeds? Are they legal actors or illegal actors? Most lawyers in Nigeria do not have specialised practices, they engage in portfolio management, act as commission agents, operate clients' accounts to launder illicit proceeds generated from criminal activities, engage in buying and selling of landed properties with criminal funds and promoting shell companies (SCUML Regulator, 2). Some Nigerian lawyers threatened to take competent authorities to court, insisting that they will not comply with the anti-money laundering reporting requirements, obligating them to expose hiding transactions of their unlawful clients (SCUML regulator, 2). The reactions of some of the Nigerian lawyers toward their anti-money laundering obligations and compliance requirements in the country amounts to an acquiescence of the 'symbiotic' collaboration of both legal and illegal actors in the commissioning of organised crime in Nigeria (Passas, 2003). Nevertheless in the UK, the regulated solicitors complied with the AML

reporting requirements for the legal practitioners (Campbell & Campbell, 2015b). They also abided with the implementation of the consent regime for the country by refrain from undertaking suspicious transaction “until consent to proceed has been provided by National Crime Agency (NCA)” of the UK (Campbell & Campbell, 2015a).

Lastly, weak judiciary processes are the norm in the Nigerian courts of law, where many court cases remain pending in court. With regards to backlog of offenders awaiting trial in the court, it may take over six to seven years before some cases are concluded within the Nigeria courts (NDLEA Investigator, 2).

## **7.2 Policy Implications**

The foregoing strategic points need to be addressed before overcoming the numerous impediments facing the fight against organised crime and its illicit proceeds in Nigeria. Having analysed the challenges exposed during the expert interviews, there are questions requiring the attention of the standards setters, implementing countries, competent authorities and the private sector (reporting intuitions). The concept of cost benefit in the fight against organised crime proceeds is of significance and needs to be addressed by both national and international actors. See also Levi and Halliday (2013) and Passas (2003). The thematic questions are: What is going to be the benefit to potential bank customers who have to spend 80 pounds to open an account which requires a minimum of 10 pounds as opening balance? What is the cost of compliance with anti-money laundering obligations of the reporting institutions that have to dedicate part of their running cost to conduct customer’s visitations due to lack of a robust address system and databases? What resources are provided by the national government for the competent agencies to combat the crime? If these questions are addressed by the anti-money laundering actors, then the “wall” against successful seizure of proceeds of serious crime may begin to be surmounted. If the measures for remedy are more costly than the problem at hand, it will amount to ‘collateral damage’ in the long run (Passas, 2003). For instance, in Nigeria, there is already clear evidence of ‘collateral damage’ in terms of social justice as result of financial exclusion of many bankable adults within the country who do not possess unique identities for account opening documentation and customer due diligence as required by the FATF Recommendation 10. Failure to comply with FATF recommendations also puts countries on the FATF naming and shaming list. What

could be much worse than 'collateral damage' when a country is financially excluded from the global financial system due to FATF blacklisting when a country is added to the "bad-book" set by supranational standard setters.

In addition, "faulty policies and Western government mistakes affecting mostly Third World countries (including Nigeria) have generated such sentiments, which may neutralize law-abiding values and principles held by people who feel justified to selectively target victims" (Passas, 2003). Addressing policy implications may reduce the impediments on the availability of social opportunities that exist in Nigeria and it may curtail the higher frequency recorded in the existing evidence of second time offenders in that nation. According to Nikos Passas (2003), "Nigerian people, for example, are worse off now than before the discovery of oil in their soil. Transnational corporations have exploited the environment and resources of the country and taken advantage of its corrupt regime. Nigeria subsequently became fertile ground for the recruitment of members in criminal organisations given the anti-Western feeling. We 'stick it to the Americans', is the kind of self-justifying argument that may make some ordinary people do extraordinary things". Therefore, political leadership in Nigeria must have their eyes open and stand on their feet to provide social benefits and economic opportunities for the citizens and embrace good governance. In addition, winning the war against serious crime in Nigeria should include the provision of adequate resources to competent agencies to help fight organised crime and illicit financial flows.

The analysis of impediments revealed that transported recommendations and instruments to curb proceeds of crime should be flexible enough to accommodate the peculiar circumstances of developing countries. There are great political and socio-legal implications when countries are not allowed to fashion out their own anti-money laundering regime in accordance with their specific economic background. Therefore, localising the regimes of anti-money laundering in developing countries where cash based economies prevail will require such jurisdictions to buy into compliance than to be compelled to ratify recommendations that are not comparable to their economy (Halliday, Levi & Reuter, 2014). It has been extensively discussed by standard setters that cash based economies are susceptible to the successful implementation of the regimes of money laundering (GIABA, 2007). Therefore, developing jurisdictions that are characterised with a cash based economy are forced to migrate into a

sophisticated economy even though there is no enabling capacity to support the emerging order of the 'Western Economy'. This further creates a cultural deficit whilst citizens are forced to consummate transactions against their norms. After all, the developing countries perceive the cash based economy as strength rather than weakness and cash transactions are the norm and not the exception (African Development Bank, 2007). The contemporary fact is that the standard setters have failed to provide a scientific mechanism to measure the efficiency and success of implemented programmes of regimes of money laundering (Halliday, Levi & Reuter, 2014). The foregoing analysis affirmed the argument of Passas that the implication of monetary policies and controls of supranational and international organisations of the West narrowed the gaps in economy of the Third World countries, leaving them with preserved asymmetric growth and development (2003). To disprove the notion that instruments and policies to combat serious crime and money laundering are precedent to crippling economic development of developing countries in the favour of the West, the Third World countries should be allowed to take their own initiatives in combating crime and money laundering in their jurisdictions.

The collaboration against crime has serious implications for tackling the identified challenges confronting the governance and impact of crime in a developing economy and Nigeria in particular. Though there exists collaboration efforts among the numerous actors creating orders in the control of crime in Nigeria, the West Africa region and the global North (EFCC Investigator 1), the inter-agency rivalry which is rife within the Nigeria criminal justice system need to be addressed. The law enforcement agencies need to see the private sector as a partner in progress (Levi & Osofsky, 1995). In the same vein effective collaboration is expected from the civil societies. According to Levi and Osofsky (1995), their role is inevitable in the evaluation of policy implications to fight crime in any society. The gaps that exist in the prosecutions of cases in Nigerian courts have to be addressed (NDLEA Investigator 2). The courts should expedite actions on the hearing of serious crime. If this war is to be won, the symbiotic relationship that impedes the success of war against crime must be eradicated to the barest minimal amongst the developing countries (Passas, 2003). Furthermore the limitation to symbiotic relationships between legal and illegal actors will enhance effective collaboration to combat organised crime in Nigerians' environment.

In addition, increasing the risk of commission of organised crime in one country has negative impacts in other jurisdictions. Offenders may 'transport' criminal activities to weaker states within the regional wider jurisdiction. This has serious implications for policies. The regional actors have to collaborate together by building mechanisms around the governance of crime. There should be focus on increasing the cost of crime in order to make it less attractive within the region. This can also be complemented with a robust mechanism and database to label criminal offenders from one jurisdiction to another (EFCC Investigator 1). This effective cooperation will monitor the criminal offender who is on the run from the labelling state to a new state when displacing crime in a global context.

Finally, there appears to be problematic statistics and empirical studies in the global governance of crime (Passas, 2003; Van Dijk, 2008; Halliday, Levi & Reuter, 2014). This problem is more visible within developing economies because capable guardians that are 'criminal sympathisers' and offenders themselves and as a result do not make funds available for research and development in the Third World countries. This has major implications in designing robust policies to curb organised crime and money laundering in developing countries. Therefore winning the war against the impediments of success in the fight against organised crime and money laundering in Nigeria requires a critical analysis of the afore-mentioned policy implications. These impediments make up the 'dark side' against the war on organised crime in developing economies.

### **7.3 Conclusion**

This chapter analysed the impediments facing the success of the anti-money laundering regime in developing economies in general and Nigeria in particular. These impediments were categorised into four areas. First, the political impediments explored capable guardian, political will and the operational autonomy of the Financial Intelligence Unit (FIU), the focal agency on anti-money laundering in Nigeria to determine the progress of the Nigerian implementation of the regime against money laundering. The paramount impediment in this category revealed that the capable guardians are 'blindfolded' to crime due to interdependency between the state actors (The political exposed persons (PEPs)) and organised crime offenders in Nigeria. The state actors shield the proceeds of corruption while organised crime offenders gain leverage on the lack of political will of the capable guardians (The political exposed persons (PEPs)) to secure

their income from crime. The operational and social impediments are the second category. They revealed the existence of environmental deficits caused by the implantation of the anti-money laundering framework in the country. Furthermore, the economical impediments analysed the economical norms of conducting business in Nigeria and developing economies. The vulnerabilities of these norms are the pockets of impediments recorded in this category. The final impediments explored the gaps within the legal framework and criminal justice in Nigeria.

Having considered policy implications in this chapter, Chapter 8 will address/look at the Impact of the Anti-Money Laundering Data and the Intelligence Reports to combat proceeds of Organised Crime Groups in Nigeria.

## **Chapter 8**

### **Collaboration against Organised Crime Illicit Financial Flows in Nigeria: A call for Data and Intelligence Reports Assurance**

Further to the arguments presented in Chapter 7 that the impediments militating against the fight on organised crime (hereinafter, OC) financial flows is a great concern in Nigeria, Edward and Gill (2006) posit that the negative impacts of the transnational organised crime (hereinafter, TOC) threats is becoming extremely difficult to measure due to lack of data integrity from a global perspective. This chapter thus evaluates the integrity and structure of the Anti-Money laundering (hereinafter, AML) statutory data used in Nigeria to combat the proceeds of organised crime. Also an evaluation of how the Nigerian Financial Intelligence Unit (hereinafter, NFIU) collaborates with other competent authorities (CAs) in curbing the proceeds of organised crime groups (hereinafter, OCGs) in Nigeria using these statutory reports and intelligence sharing of the NFIU will be conducted. There will also be a further examination of the various gaps in the quality assurance of the weekly transmitted reports provided by the reporting institutions to the NFIU. The success factors, if any, on these statutory AML data [Suspicious Transaction Reports (STRs), Currencies Transaction Reports (CTRs) and Currencies Declaration Reports (CDRs)] will be appraised. Thereafter, this chapter will evaluate critical factors impeding the quality of the disseminated intelligence reports by the NFIU to the competent agencies responsible for the fight against organised crime scourge in Nigeria. To achieve this, there will be a comparison of the number of the intelligence reports the NFIU disseminated to specialised LEAs combating specific organised crime types (drug-trafficking, human trafficking and advance fee fraud) as explored earlier in this thesis. The benchmarks will focus on the proportion of the disseminated intelligence reports vis-a-vis the number of statutory reports submitted by the reporting institutions to the NFIU. The chapter will evaluate, if any, the link between the disseminated intelligence of the NFIU with the conviction cases established by the specialised agencies discussed in Chapter 6.

This chapter will also peer-review the NFIU AML data with that of the Ghana Financial Intelligence Centre (hereinafter, GFIC) using the NFIU 2013 Progress report, and a range of other qualitative and quantitative data collected during fieldwork in Nigeria, Ghana, Senegal and the Gambia. It is against this backdrop



that some suggestion on how to achieve AML data integrity and quality assurance in Nigeria will be put forward in this chapter.

## **8.1 The Role of the Nigerian Financial Intelligence Unit (NFIU) in Curbing Organised Crime Financial Flows**

The NFIU is “the central national agency in Nigeria, responsible for the receipt and analysis of financial disclosure (Currency Transaction Reports and Suspicious Transaction Reports) and dissemination of intelligence generated there-from, to competent authorities in order to counter money laundering and terrorism financing” (NFIU, 2013:6). Therefore, it coordinates the receipt, analysis and dissemination of intelligence reports to combat organised crime illicit financial flows and other related serious crime in Nigeria. In a nutshell, the Financial Intelligence Units (FIUs) are the providers of financial intelligence reports to the criminal justice system of any country in their respective quests to combat the illicit financial flows of organised crime and other related serious crime in that jurisdiction.

### 8.1.1 The Powers of the NFIU

In Nigeria, the NFIU derives its powers from the “Money Laundering (Prohibition) Act (MLPA) 2011 as amended in 2012, the Terrorism Prevention Act (TPA) 2011 as amended in 2013 and the Economic & Financial Crimes Commission (EFCC) establishment Act, 2004” (NFIU, 2013:8).

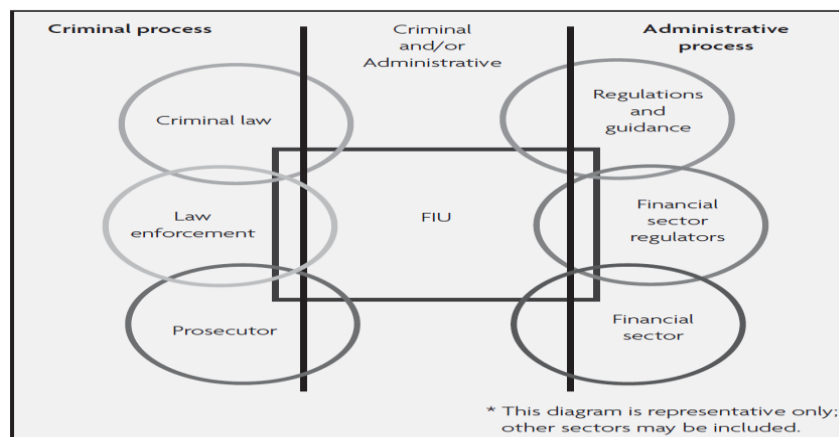
These powers are (NFIU, 2013:8):

- *“The receipt of Suspicious Transaction Reports (hereinafter, STRs) from reporting entities or made voluntarily by any persons pursuant to Section 6 of the MLPA 2011 as amended;*
- *The receipt of STRs relating to terrorism financing from reporting entities within 72 hours pursuant to Section 14 of the PTA 2011 as amended;*
- *The receipt of reports involving the transfer to or from a foreign country of funds or securities exceeding US\$10,000.00 or naira equivalent pursuant to Section 2 of the MLPA 2011 as amended;*
- *The receipt of declarations made to the Nigerian Customs, also known as Currency Declarations (hereinafter, CDRs), pursuant to the Foreign Exchange Act, 1995 and Section 2 of the MLPA 2011 as amended;*

- *The receipt of Currency Transaction Reports (hereafter, CTRs) made by reporting entities pursuant to Section 10 of the MLPA 2011 as amended, and;*
- *The inspection of reporting entities to ensure compliance with the various Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) obligations”.*

Consequently, for the FIUs to function well in any country, they have to collaborate with other institutional stakeholders responsible for the implementation of the AML regime of that country. In Nigeria, the NFIU is the bridge and intermediary between the providers of financial flows statutory reports and the users of the intelligence products developed there-from in the information given by the reporter of statutory reports (Figure 8.1). Therefore, the NFIU collaborates with the Reporting Institutions (RIs), which include: the Financial Institutions (FIs), Designated Non-Financial Businesses and Professions (DNFBPs), the Nigerian Customs and any other financial risk sector as identified in the country.

Figure 8.1: FIU, the Financial Intelligence Reports Intermediary



Source: The World Bank, 2009

The national users of the NFIU Intelligent Reports (IRs) include (NFIU, 2013): Law Enforcement Agencies (Police, Drug Squad, Customs and other specialist LEA); Judiciary Institutes and Public Prosecutors; Policy Makers; Tax Authorities Legislators, Regulatory Bodies; Anti-Corruption Agency and any other relevant competent authority (hereinafter, CA) for the country's AML regime. Chapter 6 also discussed the roles of competent authorities that are the focal agencies in Nigeria in the fight against the three specific organised crime – drug trafficking, trafficking in human beings and advance fee fraud (AFF) evaluated by this thesis.

## **8.2 Data Collaboration between the NFIU and the Reporting Institutions**

In Nigeria, the following reporting institutions are required by the Money Laundering (Prohibition) Act (MLPA), 2011 (as amended) to submit weekly reports to the NFIU for the implementation of the Nigerian AML regime. They are: the Financial Institutions (FIs), (the structure of the FIs in Nigeria is illustrated in Figure 8.3); the Designated Non-Financial Institutions (DNFIs), like casinos, dealers in jewellery, cars and luxury goods, chartered/professional accountants, audit firms, tax consultants, clearing and settlement companies, legal practitioners, supermarkets, hotel and hospitality industries, estate surveyors and valuers, dealers in precious stones and metals, trust and company service providers, pool betting, lottery, non-government organizations and non-profit organizations; and the Nigerian Customs.

According to NFIU Analyst 5 and Ibekaku (2012), the roles of the reporting institutions under the Nigeria AML regime, are to: (i) appointment of Chief Compliance Officers; (ii) understand the regulatory and legal AML regime in Nigeria and globally; (iii) identification of customers and beneficial owners of accounts or investments; (iv) development and recording of all transaction records as stipulated in the laws. The FIs should ensure that records are kept properly, the financial transaction records of their customers must be kept for a period of five years after severance of the transactions; (v) ensure that they do not engage in any relationship with shell companies; (vi) develop central information collation system or setting up of mini-FIUs on all transactions conducted by customers in order to systematically identify red flags that may be reported to the NFIU (See also Chapter 6); (vii) verify customers' profile and documentation of any suspicious or unusual transactions or trends in customers' profile and implementation of effective customer identification programme within their institutions; (viii) train all staff (both front office and back office) and ensure effective supervision and compliance by applying a risk-based approach; (ix) understand and apply appropriate risk management systems in appropriate cases and as provided by legislation, to conduct risk assessments of their products, location of transactions and customers, and they are also expected to classify their customers according to risk categories (low, medium and high risk customers), and; (x) identify suspicious transactions and report all suspicious transactions to the NFIU in a prompt and timely manner in order to aid the combat of financial crimes, control the laundering of illicit money and prevent the use of the financial system by

terrorists (without exception) based on the definition of the offence of money laundering under Section 15 of the MLP Act, 2011 (as amended), (Annex 1).

Having identified the main AML roles of the reporting institutions in Nigeria, this chapter will appraise how the NFIU collaborates with the reporting institutions when performing its first core function of receiving statutory reports from the reporting institutions. The level of collaboration attained by the NFIU to improve data integrity and the structure of the statutory reports submitted by the reporting institutions to NFIU will also be examined. It is against this backdrop that the peer-review collaboration strategy will be formulated for the NFIU at the latter part of this chapter to enhance the quality assurance of the AML data used in Nigeria to counter organised crime financial flows.

#### 8.2.1 The Data Integrity of the Statutory Reports in Nigeria

The quality of any intelligence reports disseminated by the NFIU to the law enforcement agencies (LEAs) and other competent authorities (CAs) to counter the illicit financial flows of OCGs will greatly depend on the integrity and validity of the data reported by the reporting institution to the NFIU. Gregory (2006) also elucidates the need for CAs to have a robust system in place for testing quality assurance of any data reported to combat OCGs threats. Gregory further illustrates how the deficit in the reliability and validity of the data submitted in 1997-1999 for UK's Organised Crime Notification Scheme (OCNS) to National Criminal intelligence Service (NCIS), now refer to as National Crime Agency (NCA) affected the quality of the disseminated intelligence shared there-from in the UK between that period. Therefore, Nigeria is unlikely to ever be the only country that will encounter the impediment of data integrity in combating crime.

With respect to Nigeria, Table 8.1 shows the number of Currency Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) submitted to the NFIU in 2012. Nigeria continues to become CTRs regime-country with a total number of 4,776,597 CTRs accounted for in 2012. This significant figure continued to overwhelm the capacity of the inadequate NFIU Analysts in Nigeria (NFIU Analyst 2), although it is much less when compared to 14,137,163 and 7,958,616 CTRs submitted to NFIU in 2010 and 2011 respectively (NFIU, 2013). The reason for the drastic fluctuation in these figures was traced to an amendment of the AML legislation, i.e. "the amendment of section 10 of the Money Laundering (Prohibition)

Act 2004 in 2011 where the reporting threshold was reviewed upwards from N5 million to N10 million for body corporates and N1 million to N5 million for individuals” by the legislators (NFIU, 2013). A debatable analysis for upward review of the CTRs threshold was submitted in Chapter 7 of this thesis, where a discussion on the manipulative acts of the ‘blindfolded capable guardians’ in Nigeria was put forward.

Table 8.1: **Reports and Rendition from Reporting Institution in 2012**

Reports Received	Number
Currency Transaction Reports (CTRs)	4,776,597
Suspicious Transaction Reports (STRs)	2,828

Source: NFIU (2013); GIABA (2013)

Additionally, the quality of these reports is very problematic for the Analysts at the NFIU to make any logical deductions from the CTRs and STRs figures reported to the NFIU even with the application of sophisticated analytical tools designed and deployed by the UNODC to help analyse these statutory reports (NFIU Analyst 2). Therefore, most of these statutory reports are just like loaded ‘garbage’ boarding, stressing and stretching the capacity of the NFIU database on a daily basis. As submitted by Gregory (2006:84), the competent authorities should “have their own collection, monitoring and validation system” in place to check the quality of data they acquired for the investigation of the OCGs threats. The NFIU also has its own analytical and validity system funded by the European Union under the 9th European Development Fund that provides technical support for the Economic and Financial Crimes Commission (EFCC), the parent organisation of the NFIU and the Nigerian Judiciary. In 2006, the validating system of the NFIU was part of the deliverable products of € 24.7 million EU/UNODC joint project and technical assistance for the Nigerian AML regime (<https://efccnigeria.org/efcc/Index.php/eu-unodc-project>).

One of the key components of this project provided the NFIU with an analytical tool to help analyse and disseminate its intelligence reports in Nigeria.

It is against this backdrop that the UNODC developed and deployed a validation *schema* (schema is a programming language that interprets data) along-side with the UNODC goAML analytical software from 2006 to 2010, for the NFIU. The validating system of the NFIU is called XML Schema (NFIU Analyst 3). This is

used to validate the CTRs and STRs submitted by the reporting institutions, particularly, the financial institutions through the goAML platform, when submitting their weekly AML statutory reports electronically in Nigeria.

The function of the validation *schema* is to compare the submitted statutory reports with the system rule-based and parameters set in the schema (NFIU Analyst 3). The reports (CTRs and STRs) are submitted weekly by reporting institutions electronically through goAML portal and are validated with the XML schema before being accepted into the NFIU data base for its analyses. Notwithstanding this, some of the reporting institutions still submit hard-copies of weekly statutory reports to the NFIU for in adherence with compliance requirements with the Nigerian AML regime, where they cannot afford the cost of deploying ICT infrastructure suitable for goAML reporting format. The XML Schema scores the reporting institutions, in particular the banks in percentage (%) terms based upon the validation of their weekly statutory reports at the NFIU (Researcher personal experience at the NFIU, 2004-2011).

The researcher worked at the NFIU between 2004 to 2011 at the Compliance and Enforcement Unit. During this period, the researcher had the privilege to suggest to the former NFIU Director the importance of creating a Compliance Help Desk, where all AML statutory reports of the NFIU are checked for quality assurance and validation. This suggestion was implemented and the compliance Help Desk is operational till date. The researcher's experience at the NFIU during this period also revealed that some of these reports could not be validated whenever they were being submitted, due to lack of data integrity and the inconformity of these reports with the NFIU reporting format. At some point, some of these reports were also submitted late at the Compliance Help Desk of the NFIU. The implications for late submission of reports give the OCGs the opportunity to launder the illicit proceeds of crime before reports are transmitted to the NFIU database for analysis. Therefore, the offenders might have moved or structured the funds in or/and out of the bank as at the time the late reports reach the NFIU database.

The NFIU Analyst 5 also affirmed that in some cases the reasons why suspicions of these reports may arise are not often made clear by the reporting institutions to the NFIU. The reporting institutions are sometimes reluctant to report quality data emanating from the transactions of their valued customers, including that of the Political Exposed Persons (PEPs). "Beneficial ownerships (BOs) of funds are usually not being reported by the reporting institutions" (NFIU Analyst 5). As Levi

(2005) rightly asked, “in what respect does this reporting count as success”, if these statutory reports are lacking data integrity? This defeats the objective behind statutory reporting to help follow, monitor and combat the ‘dirty’ money originating from all serious crime in Nigeria.

Staying in control of data assurance required the NFIU to channel its limited resources to conduct targeted and joint on-site risk-based AML review of many reporting institutions in Nigeria (NFIU Analyst 5). This NFIU periodically embarked on joint on-site examination of the reporting institutions with their governmental supervisory institutions to conduct AML Compliance Examinations of the reporting institutions in Nigeria (NFIU Analyst 5). For instance, the NFIU conducted several joint examinations of the reporting institutions with their supervisory bodies such as the Central Bank of Nigeria (CBN), the National Insurance Commission (NAICOM), the Securities and Exchange Commission (SEC) and Special Control Unit against Money Laundering (SCUML). During this examination, one of the tasks of the NFIU Compliance Analysts was to conduct transactions testing on the weekly statutory reports submitted by the reporting institutions to the NFIU during the period under review (NFIU Analyst 5). The objective of this task was to test the viability of data submitted by the reporting institutions to combat illicit financial flows in Nigeria. It is through this on-site examination of the reporting institutions that many unreported suspicious transaction reports are escalated by the compliance analyst of the NFIU.

In addition, the fundamental objective of the criminal justice actors is to prevent crimes within the global states, which is in contrast to the objective of the private-sector actors, (including the Financial Institutions (FIs) and the Designated Non-Financial Businesses and Professions (DNFBPs) that submit the majority of the AML reports are profit maximisation. Critically, the loyalty of the private reporting institutions is likely to be towards their valued customers who bring profitable businesses to their institutions as compared to the responsibilities they have towards the criminal justice system in the jurisdictions they operate in. In Chapter 5, it was observed how FATF Recommendation 13 compelled member states to abrogate financial institutions secrecy law, the practice of relationship banking in some West African countries, including Nigeria defeats this abrogation of banking secrecy required under the FATF Recommendation 13 in developing economies (NCA Expert). In some cases, the ‘crime facilitator’, i.e. the crooked bankers open many fictitious bank accounts for their customer to manipulate illicit transactions

originating from serious crime in the quest to legitimatise profit from the crime (EFCC Investigator 2).

Furthermore, OCGs members also participate in the ownership of financial institutions. In the case of BCCI in Chapter 4, the thesis revealed how OC offenders used financial institutions to launder proceeds of crime by owning a bank. In the BCCI case, manipulated AML data that lacked integrity were also submitted to the competent authorities in the UK during this era. The commonality of profit maximisation between the OCGs and some of the private sector reporting institutions in Nigeria may not be a far-fetched reason as to why the banks experienced the highest suspicious transaction reports (STRs) in Figure 8.2 of the NFIU 2013 progress report. Besides, most of these reports were manipulated and misrepresented to secure the identity of the OCG offenders who conduct such transactions. Therefore, the higher the suspicious transactions reports submitted to the NFIU; the fewer the intelligence reports generated from these sub-standard STRs to convict OC offenders in Nigeria (see Table 8.8).

The fundamental argument submitted here, is that the integrity of the report from which the 'reporting institutions' acting as an agent of crime, 'crime facilitators' and/or 'clandestine service providers' of the OCGs social network cannot be different from that of an act of 'chasing a shadow', even when those data validates in the analytical tools of the NFIU. They will never count as valid data. This is consequent to the fact that financial institutions who are the 'facilitators' and/or *ad hoc* members of the criminal networks in Nigeria will only send the NFIU garbage AML data, that are fictitiously manipulated to conceal the identity of their so-called 'valued' customers operating in all sorts of illicit transactions within the global state.

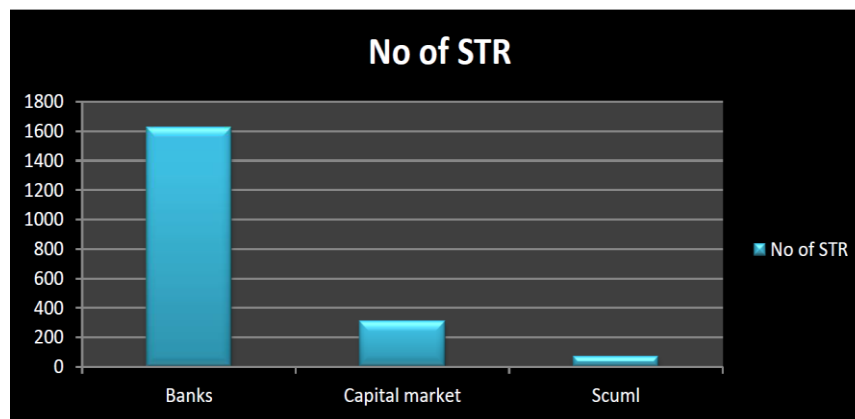
### 8.2.2 The Data Structure for Anti-Money Laundering (AML) Statutory Report in Nigeria

From a criminology point of view, the data to combat crime must be well-structured and collected in a systematic way (Van Dijk, 2008; Edwards and Gill, 2006; Burnham, 2006). Looking at the structure of the suspicious transaction reports collected by the NFIU in 2012, it can be concluded that the data therein are not well structured and systematic enough to cover the designated reporting institutions that are obligated and compelled under the Nigerian AML reporting statutory requirement.



In Figure 8.2, the banks account for a total number of 1,590 CTRs, the capital markets, 309 CTRs and the Special Control Unit against Money Laundering (SCUML) accounts for 73 CTRs during the period under review. SCUML is the governmental supervisory body in Nigeria that regulates the activities of the Designated Non-Financial Businesses and Profession (DNFBPs).

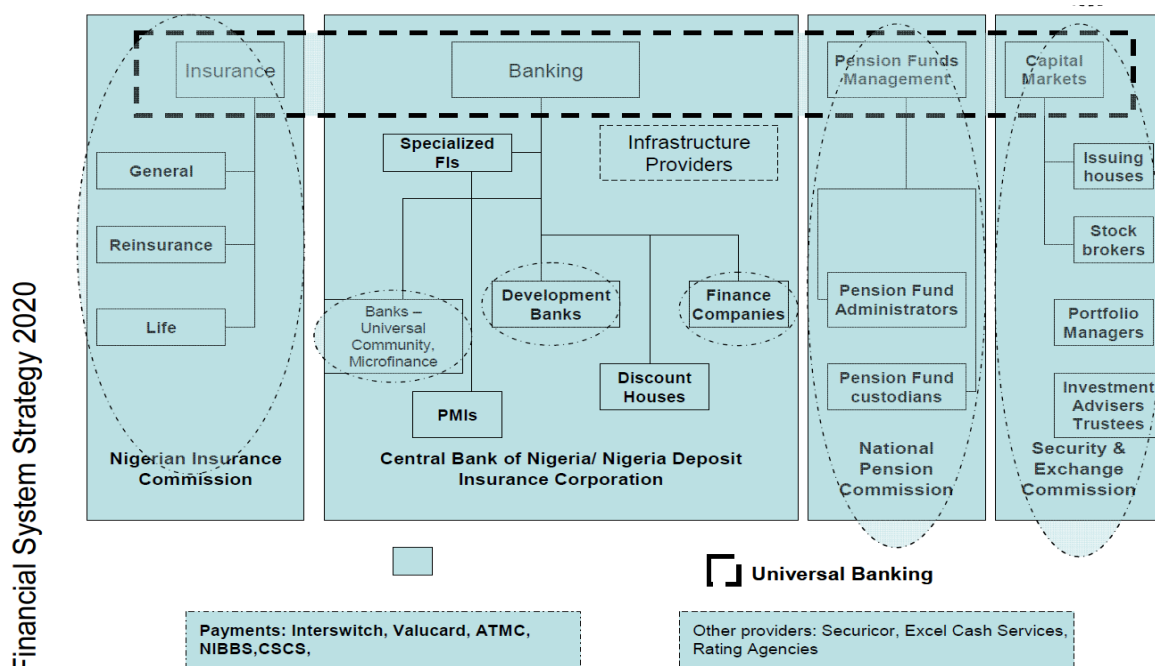
Figure 8.2: **Statistics of Suspicious Transaction Report by Reporting Institution in 2012**



Source: NFIU, 2013

In addition, the CTRs recorded for SCUML in 2012 by the NFIU in Figure 8.2 does not correlate with the unpublished statistics of the SCUML given to the researcher during the interview in Nigeria. In that year, SCUML records accounted for 692 STRs as against the 73 STRs reported by the NFIU in 2013. The breakdown of the SCUML STRs in 2012 is as follows: Hospitality Businesses, 21 STRs; Automobiles Dealers, 87 STRs, Estate Surveyors, 50 STRs; Accounting Firms, 534 STRs (SCUML Regulator 1). The discrepancy in these two statistics revealed a deficit of unrecorded 619 STRs which is the difference between the 692 STRs of SCUML and the 73 STRs of the NFIU for the DNFBPs sector.

Moreover, notwithstanding the highest number of 1,590 STRs accounted for by the banks in Figure 8.2, this Figure did not represent the true breakdown of the STRs for banking institutions in that year but only categorised all the STRs in this category as banks. This creates another discrepancy in determining accurate STRs reported to monitor the illicit transactions of OCGs by banking industry for the Nigerian AML regime in 2012.

Figure 8.3: **Structure of Nigeria's Financial Institutions**

Source: GIABA (2008)

Furthermore, the structure of the financial institutions in Nigeria is categorised into four (4) broad structures in the Figure 8.3, with each of the category being subdivided into various sub-institutions (GIABA, 2008). The first category is the Insurance Sector, which is further divided into three sub-categories (General insurance, Reinsurance and Life insurance). The insurance sector is regulated by the Nigerian Insurance Commission. The second category is the Banking Sector, which is regulated by the Central Bank of Nigeria and the Nigeria Deposit Insurance Corporation. The financial/banking sector is made up of specialised Financial Institutions, Primary Mortgage Institutions (PMIs), Development Banks, Banks (Universal bank, Community bank, Bureau De Change and Microfinance bank) , Discount Houses, Financial Companies and Infrastructure Providers. The third category is the Pension Funds Management that is regulated by National Pension Commission. The sub-institutions under this category are Pension Fund Administrators and Pension Fund Custodians. Furthermore, the Capital Markets is made up of Issuing Houses, Stock Brokers, Portfolio Managers and Investment Advisers Trustees and they are regulated by Security and Exchange Commission (SEC). Additionally, a structured AML data is expected to account for what each category of the capital market has accounted for in 2012 and the total number of the 309 CTRs recorded for capital market in Nigeria is not a clear representation of the capital markets structure in Figure 8.3.

Having set out the structure of FIs in Figure 8.3, it can be deduced that the NFIU data structure is not robust enough and did not wholly capture holistically the illicit transactions emanating from the structure of the financial institutions in Nigeria. The banks and capital markets are the only compliant reporting institutions under this structure (Figure 8.3). Furthermore, there is no evidence of compliance to statutory reporting under the AML regime by the Nigerian Insurance Sector and Pension Funds Management Institutions in Figure 8.2, since the figure did not account for numbers of STRs recorded by these sectors. Hence, OCGs and other related serious criminal networks may take advantage of these under-reporting gaps to launder their illicit financial flows in Nigeria by exploring under-regulated uncompliant sectors.

Table 8.2: *NFIU Statutory Reports in 2007*

REPORTING ENTITIES	First Quarter 2007		Second Quarter		3 <sup>rd</sup> Quarter		4 <sup>th</sup> Quarter	
	STR	CTR	CTR	STR	CTR	STR	CTR	STR
<b>Financial Institutions (FIs)</b>								
Banks	28	811,699	1,252,971	10	1,545,461	41	1,274,993	34
Bureau De Change	0	3,782	4,231	0	8,789	0		0
Community Banks		114	208	0	182	0	221	
Securities Operators	0	236,642	3231	0	9721	0	9,679	0
Insurance companies	0	0	0	0	0	0	0	0
Designated Non Financial Institutions	9	237	592	7	704	3	584	8
Discount Houses	0	12,979	8,962	1	7,543	0	11,701	0
Mortgage Institutions	0	5,155	4,726	0	5,332	0	6,451	0
<b>Totals</b>	<b>37</b>	<b>1,707,608</b>	<b>1,274,713</b>	<b>18</b>	<b>1,577,732</b>	<b>44</b>	<b>1,303,629</b>	<b>42</b>

Source: GIABA (2008)

A well-structured data to capture OCGs illicit financial flows is illustrated in Table 8.2 which provide an insight into the AML statutory reports of Nigeria in that year. In Table 8.1, the information that can be deduced is very vague. It only provides evidence that the CTRs were 4,776,597 and STRs were 2,828 in 2012. The breakdown of the reporting institutions which account for these figures were not given, and as a result, strategic analysis for combating crime will be difficult using table 8.1. On the contrary, Table 8.2 which provides the statutory reports submitted by the NFIU for the Nigeria-GIABA Mutual Evaluation Report of 2008 is better structured as compared. This data represents the majority of the private sector reporting institutions in Nigeria. In that year, the banks accounted for the highest

figure of 41 STRs in the 3<sup>rd</sup> quarter, the Designated Non-Financial Institutions accounted for 3 STRs while other reporting institutions accounted for 0 STRs in the 3<sup>rd</sup> quarter. In the same year, the insurance sector accounted for 0 statutory reports during the period under review.

With respect to table 8.2, the NFIU is able to appraise the compliance performance of the reporting institutions on sectorial bases. Collaboration efforts of the NFIU can be enhanced to nurture those reporting institutions which are not fully complying with Nigerian AML regime. Peer-review processes can also be applied to evaluate reporting institutions by benchmarking them sector by sector. Additionally, cross-benchmarking can also be applied to speed up the compliance requirements for a sector that is lagging behind.

Furthermore, Figures 8.2 and 8.3 revealed that the Nigerian banks are over-regulated as compared to other reporting institutions in Nigeria. Therefore the NFIU may channel its resources to other reporting institutions that are not currently implementing Nigerian AML regime. Consequently, effective peer-review collaborations among the Nigerian AML institutional stakeholders will bridge the gaps observed in the current AML data structure within the NFIU.

Also, further collaboration will compel the NFIU and SCUML to work together avoid future discrepancies and inconsistencies in the number of STRs reported or escalated from the DNFBPs reporting institutions. When the institutional stakeholders do not collaborate effectively with each other, information and data to combat crime may be misrepresented and may negatively impact the measurement of national and international organised crime threats.

Of importance for strategic policing is that the criminal offenders also have access to official publications in the global states where they operate. Therefore, they may concentrate the laundering of their ill-gotten funds through the under-regulated reporting institution within the States (GIABA, 2015). Hence, the NFIU needs to bring the under-reported institutions to compliance in order to prevent the threats of institutional non-compliance and statutory reporting displacement in the country's AML regime. This may require the NFIU to increase its cooperation with other regulators and to create AML compliance awareness within the reporting institutions, in particular the under-regulated ones (GIABA, 2008). This will improve effectiveness and efficiency of the under-regulated reporting institutions

bring it on par with their other counterparts in order to combat the illicit financial flows of the OCGs through the suspicious transaction reports (STRs) data.

### 8.2.3 The Data Structure for Currencies Declaration Reports

When the objectives of a reporting institution and that of the Financial Intelligence Units (FIUs) are the same, better results and data integrity may be achieved. Evidence of this is manifested in Tables 8.3 and 8.4 which show Currencies Declaration Reports (CDRs). The reporting institution that reports CDRs to NFIU is the Nigerian Customs Service (NCS). Both Institutions are government agencies. The NCS is mandated to control and manage the administration of Customs and Excise laws in Nigeria, which include (GIABA, 2013): supervision of import and export regimes in Nigeria; regulation of sea and airport to restrict the movement of illegal goods in and out of Nigeria. Thus whereas the NFIU combats the illicit financial flows of organised crime, the NCS's role involves combating the illegal movement of organised crime commodities and the prevention of illicit cross-border currency movement.

Table 8.3: ***Currencies Declaration Report in Nigeria in 2012***

<b>Continents</b>	<b>Value of Currency in US Dollars (\$)</b>
Asia	7,903,924,386
America	401,687,795
Africa	312,112,176
Europe	1,272,055,203
Oceania	37,252,091
<b>Total</b>	<b>9,927,031,651</b>

Source: GIABA, 2013; NFIU, 2013 (Value of originally funds consisted of all type of currencies but have been converted to US Dollars)

The information in Table 8.3 is critical to national policy and international crime management. For instance, Asia received more than 70 percent (Author's own calculation) and \$7,903,924,386 of the currencies outflow from Nigeria in 2012, and Europe accounted for \$1,272,055,203 of currencies outflow from Nigeria in

the same year. The NFIU may initiate peer-review collaboration with their counterpart international FIUs located in Asia and Europe by signing an agreement on how to share intelligence generated from the movement of these currencies. This intelligence gathering may heighten the need for an action plan to counter the cross-border currencies smuggling originating from the proceeds of organised crime activities in Nigeria to Asia and Europe.

According to (NFIU Analyst 3), the NFIU has peer-reviewed its CDRs intelligence with their counterpart international FIUs in United States of America and the Netherlands in Europe. The findings from this strategic intelligence sharing revealed that some of the Nigerian travellers to the Netherlands and the United States under-declare their currencies in Nigeria when embarking on a journey to these two countries, and they declare a higher amount of currencies when arriving in the United States and the Netherlands. Additionally, the analysis of the peer-reviewed CDRs shared amongst Nigeria, the US and the Netherlands also revealed that some of the offender travellers do not declare any currency in Nigeria but they declared high volume of currencies on arriving to these destination countries in the global North where stringent CDR regulation exist (NFIU Analyst 6).

This is an indication that criminal minded travellers will circumvent the currency declaration regime by under-declaring or failing to declare currencies in a particular country with lax currencies enforcement law and cash based economy due to ineffective checking mechanisms that could detect hidden currencies in their travelling luggage. Additionally, when currencies are detected, within a cash based economy, such amounts may pass through unchallenged, thus making the offender less suspicious to law-enforcement activities in the country concerned. However, when landing on a journey to a country with an effective currencies declaration regime coupled with electronic and cashless business environments, they tend to declare the true amount of their under-declared currencies from Nigeria.

Additionally, the OCGs in Nigeria tend to be recidivist (see Chapter 7). Therefore many of the OC offenders have relocated to Asia and parts of the West African region looking for countries with lax laws to continue their crime after being prosecuted and convicted for their crimes in Nigeria (EFCC Investigator 1). In that light, the NFIU may also use Table 8.3 to conduct strategic analyses linking the

new trend of the currencies out flow from Nigeria to Asia to establish if there is any existing relationship between the recidivists organised crime offenders and the new pattern of currencies out flows to Asia. Additionally, the standard setters may also evaluate the existence of the weak links or the lax law of AML regime in Asia, and to what extent this could impact on the repositioning of the organised crime illicit financial flows from the global States and Nigeria particularly to Asia. This may suggest a new trend and pattern for the international law-enforcement agencies to monitor and control nationally and globally.

Of particular importance to the global economy is that the Nigeria Trade and Commerce Ministry may use this well-structured data to analyse international trade performance of Nigeria. Thus, from the trade perspective, the data may be evaluated to examine the reasons for the concentration of currencies outflow from Nigeria to Asia. The Ministry can also ascertain if there is any linkage of these financial flows to any existing international trading opportunities between Nigeria and Asia. The Ministry can therefore also evaluate the reason for the sudden change in the new patterns of trades from Nigeria to Europe. It was previously believed that the concentration of trading activities in West Africa including Nigeria was targeted towards Europe due to colonial ties.

Table 8.4: **Currencies Declaration Report in Nigeria per Month in 2010-2012**

MTH/YEAR	2010	2011	2012
<b>January</b>	242,279,955	930,822,695	1,261,587,742
<b>February</b>	176,956,564	498,305,272	1,195,293,410
<b>March</b>	218,644,833	390,051,384	1,236,010,531
<b>April</b>	126,645,381	289,783,378	963,259,257
<b>May</b>	19,959,721	170,877,786	519,169,516
<b>June</b>	17,676,160	188,231,757	366,516,266
<b>July</b>	277,369,271	219,097,789	1,024,611,824
<b>August</b>	260,998,989	453,940,949	1,434,833,396
<b>September</b>	865,588,913	798,494,734	199,154,678
<b>October</b>	741,586,231	945,977,924	76,500,887
<b>November</b>	734,794,473	859,765,933	1,054,610,051
<b>December</b>	542,992,447	924,973,019	595,192,090
<b>TOTAL</b>	<b>4,255,492,938</b>	<b>6,670,322,640</b>	<b>9,926,739,648</b>

Source: NFIU, 2013

The African continent may also rely on this data to evaluate if there are any deficits within the business integration strategies of the African Nations. Europe may also strategise policies for better collaboration to attract more legitimate financial flows from Nigeria. On the contrary, America may also wonder why it is in number 3 position in the league, since it is presumed to be the largest economy in the world.

Additionally, the Table 8.4 shows that there was a yearly increment in the outflows of currencies out of the Nigeria economy from 2010 to 2012. It is submitted that a study of the incremental patterns within this period will enable Nigeria to counter those currencies that originated from proceeds of crime. Therefore, it is necessary for the NFIU to collaborate with other relevant agencies in Nigeria and internationally with the sole aim of working together to build strategies to combat illicit trans-border currencies movement from Nigeria.

Table 8.5: *Value of Seizure and Forfeiture in 2012*

Month	Seizures (\$)	Forfeiture (\$)
September	9,301,884	652,120
October	2,391,303	350,000
November- December	2,073,160	518,290
<b>Total</b>	<b>13,766,347</b>	<b>1,520,410</b>

Source: NFIU, 2013

Furthermore, the strategic importance of this data for the purpose of criminal justice is that the total trans-border currencies seized from the criminal networks in 2012 amounted to \$13,233,982, and the amount recovered upon conviction, was \$1,520,410 in that same year according to the Nigerian currencies declaration regime (GIABA, 2013). The percentage of forfeited currencies seized in 2012 was just 11.05 percent (Author's own calculation). This is a very low percentage for any effective criminal justice jurisdiction. A country with lax laws on cross-border movement of funds will be vulnerable to illicit proceeds of OCGs. For instance, if a very small amount of the illicit flows is forfeited after prosecution, the offenders will continue to use this medium. In this instance, the offenders keep 89.95 percent of the illicit profits to themselves and forfeit 11.05 percent to the state. Consequent to this 'low risk high gain', the Nigerian assets forfeiture regime will require a robust legislation to counter illicit financial flows of all serious crimes in the country



(GIABA, 2015). This will put Nigeria in the same league as with countries where all undeclared currencies are forfeited to the States.

### **8.3 The AML Intelligence Sharing of the NFIU with the Relevant Competent Authorities (CAs) in Nigeria**

The previous sections evaluated the integrity and structure of the STRs and CTRs as well as AML data collaboration between the NFIU and the reporting institutions. However, this section explores how the NFIU collaborates its intelligence reports (hereinafter, IRs), (i.e. the end products of the analyses of the STRs and the CTRs data submitted by the reporting institutions in Nigeria) with relevant Competent Authorities (CAs) and the Law Enforcement Agencies (LEAs) in Nigeria. The list of the collaborated CAs and LEAs that the NFIU shared its intelligence reports with in Nigeria is included in Appendix G (GIABA, 2008).

The NFIU is a member of the Egmont Group, i.e. the group of the elite FIUs in the world (NFIU Analyst 1). In Chapter 4, the author explained the role of the Egmont Group in the fight against illicit financial flow of organised crime groups. Critically, collaboration of IRs at the NFIU is based on the Egmont Group principle of the *third party rule* (NFIU Analyst 1). According to the NFIU Analyst 1, the *third party rule* means that before the request and spontaneous IRs of the Egmont Group members can be used for any investigation by the third party, an official consent is required by the users of the IRs.

The NFIU 2013 Progress report, classified these intelligence reports into two categories, they are: Proactive and the Reactive Intelligence reports. Proactive analytics look at the probability of an event happening before it actually occurs while reactive analysis deals with data after the occurrence of the event (CIO Computerworld, 2014).

Therefore, proactive intelligence is the intelligence products developed and shared by the NFIU with the CAs and LEAs prior to the request for that intelligence. The proactive intelligence reports of the NFIU are developed based on trends and patterns of illicit financial flows generated from the submitted STRs by reporting institutions to the NFIU (NFIU Analyst 3). For instance, if the NFIU identifies a financial flow relating to drug-trafficking networks, the NFIU can send this intelligence to the competent authority in charge of drug-trafficking control for them

to commence investigation on the activity of the criminal networks without the initial request of the CAs. Whereas reactive intelligence is the usual intelligence request sent to the NFIU by the competent authorities during an investigation of ongoing cases.

Table 8.6: *Disseminated Proactive and Reactive Intelligence Cases of the NFIU 2009-2012*

Agency	Numbers of Proactive and Reactive Intelligence Disseminated							
	2009		2010		2011		2012	
	Proactive (Pro)/ Reactive (Re)	Proactive (Pro)/ Reactive (Re)	Proactive (Pro)/ Reactive (Re)	Proactive (Pro)/ Reactive (Re)	Proactive (Pro)/ Reactive (Re)	Proactive (Pro)/ Reactive (Re)	Proactive (Pro)/ Reactive (Re)	Proactive (Pro)/ Reactive (Re)
	Pro.	Re.	Pro.	Re.	Pro.	Re.	Pro.	Re.
<b>EFCC</b>	20	8	35	37	57	23	32	74
<b>ICPC</b>	1	0	2	4	0	6	9	17
<b>NSA</b>	0	0	0	0	0	0	4	5
<b>NIA</b>	0	1	0	3	0	0	1	3
<b>DSS</b>	0	3	0	4	7	10	7	27
<b>NDLEA</b>	0	0	0	0	0	2	1	5
<b>FIRS</b>	0	0	0	0	0	4	3	10
<b>DIA</b>	0	0	0	0	0	0	1	0
<b>NPF</b>	2	0	3	0	1	3	0	3
<b>CCB</b>	0	0	0	0	0	0	0	1
<b>NCS</b>	0	0	0	0	0	0	0	1
<b>NAPTIP</b>	0	0	0	0	0	0	0	8
<b>TOTAL</b>	<b>23</b>	<b>12</b>	<b>40</b>	<b>48</b>	<b>65</b>	<b>48</b>	<b>58</b>	<b>154</b>

Source: NFIU, 2013

Table 8.6 shows how the NFIU disseminates its proactive and reactive intelligence reports within the competent authorities and law-enforcement agencies in Nigeria.

For the purpose of analyses in this chapter, the focus of the investigation will mainly examine how the NFIU disseminates and collaborates its IRs with the specialised law-enforcement agencies responsible for combating the threats of the three specific OCGs evaluated in this thesis. They are: The National Agency for Prohibition of Traffic in Persons and other related matters (NAPTIP); National Drug

Law Enforcement Agency (NDLEA); and The Economic and Financial Crimes Commission (EFCC).

Table 8.7: *Intelligence Disseminated by the NFIU to EFCC, NAPTIP and NDLEA in 2009 to 2012*

Agency	No of NFIU Intelligence Disseminated / Per Year				Total	%
	2009	2010	2011	2012		
<b>EFCC</b>	28	72	80	106	286	94.70
<b>NAPTIP</b>	0	0	0	8	8	2.65
<b>NDLEA</b>	0	0	2	6	8	2.65
<b>Total</b>	<b>28</b>	<b>72</b>	<b>82</b>	<b>120</b>	<b>302</b>	<b>100</b>

Source: Author's own calculation from Table 8.6.

Table 8.7 reveals how disproportionate the intelligence reports shared by the NFIU to 3 specialised agencies fighting the problems of organised crime financial flows in Nigeria. Out of the 302 intelligence information reports shared within 2009 to 2012, EFCC received 94.70 percent while NAPTIP and NDLEA received insignificant amounts of 2.65 percent respectively. The establishment of the NFIU as a special Unit within the Economic and Financial Crime Commission (EFCC), may be one of the reasons why the EFCC enjoyed more privilege than any other specialised agency in the sharing of the AML intelligence reports in Table 8.7. The lack of operational autonomy of the NFIU was said to limit its operational efficiency in Nigeria (CBN Regulator 2).

If the NFIU was autonomous, resources of the NFIU could be allocated proportionately to deal with AML intelligence sharing in Nigeria across all board to support the investigation activities of the competent authorities.

Table 8.8: **Convictions by Agencies/Disseminated Intelligence by the NFIU in 2009 to 2012**

Year	Convictions by Agencies		Disseminated Intelligences by NFIU	
	NAPTIP	NDLEA	NAPTIP	NDLEA
2009	28	1,497	0	0
2010	31	1,509	0	0
2011	51	1,491	0	2
2012	25	1,718	8	6
<b>Total</b>	<b>135</b>	<b>6,215</b>	<b>8</b>	<b>8</b>

Source: Author's analysis from Table 6.2 and 6.5 in Chapter 6; Table 8.6 and; Daily Signpost of 12 May, 2015 in Nigeria.

In Table 8.8, the author uses two major tables from Chapter 6, (i.e. Tables 6.2 and 6.5) where the author analyses the roles and strategies of specialised competent authorities (CAs) fighting the types of organised crime evaluated in this thesis. In Table 8.6, data relating to how the NFIU collaborates its intelligence nationally to support the investigative activities of the CAs fighting organised crime and other related serious crime in Nigeria. However, in Table 8.8, the author combined the yearly conviction rates for the two key agencies fighting human trafficking and drug-trafficking in Nigeria using Table 6.2 and 6.5 in Chapter 6 and comparing it with the number of intelligence reports disseminated by the NFIU to these two agencies from 2009 to 2012.

The finding from Table 8.8 revealed that from 2009 to 2012, the National Agency for Prohibition of Traffic in Persons and other related matters (NAPTIP) accounted for 135 convictions and within the same period the NFIU shared only 8 proactive intelligence with NAPTIP in 2012. Furthermore NAPTIP also accounts for the least conviction in 2012, the first-year ever in which the NFIU shared its intelligence with the agency. Critical impact analysis will expect the NAPTIP to account for more convictions in 2012 after enjoying the benefit of the collaborated intelligence from the NFIU. However, instead of an increase in convictions of the agency as a result, there was a decrease in conviction rates from 51 convictions in 2011 to 25 convictions in 2012. Thus, the collaboration of intelligence by the NFIU with NAPTIP in 2012 had no significant impact in combating illicit financial flows of human trafficking networks in Nigeria during the period under review.

Similarly, the National Drug Law Enforcement Agency (NDLEA), the agency curbing the threats of drug-trafficking in Nigeria accounted for 6,215 convictions from 2009 to 2012 (Table 8.8). Additionally, in 2011 the NFIU collaborated 2 reactive intelligences with the agency in 2011 and 6 intelligences were shared by the NFIU with NDLEA in 2012 to curb the menace of drug trafficking in Nigeria. What is the correlation between 8 intelligence reports of the NFIU shared with the NDLEA and 6,215 convictions of Agency from 2009 to 2012? The AML Mutual evaluation report by GIABA on Nigeria in 2007 suggested that the NDLEA also has powers to collect AML statutory reports from the banks to support the investigation of drug-trafficker in Nigeria (GIABA, 2008). Therefore, the success of combating the financing of drug-traffickers in Nigeria is only limited to the manually and internally generated intelligence reports of the Agency (NDLEA Investigator 1).

Information on the convictions of Advance Fee Fraud (AFF) offenders in Nigeria provided by the Economic and Financial Crimes Commission (EFCC) from 2009 to 2012 was not included in Table 8.8 because the relevant data was not available to the author during the interview conducted at the Commission in 2013. Nevertheless, the EFCC Investigator 2 suggests that, "intelligence reports given by NFIU to the Commission on request are mostly outdated when they arrived. That is why the investigators are usually ahead of the NFIU in the intelligence gathering. Whenever the intelligence requests are sent to the NFIU by the Commission, it takes the NFIU a longer time before these requests are attended to, and by the time NFIU disseminates its intelligence, the investigators would have usually gone beyond the stage in which this information is needed" (EFCC Investigator 2).

In summary, from the data analysed in this section, it is suggested that the collaborated AML intelligence reports used to fight the illicit financial flows of organised crime groups in Nigeria had no significant impact on the conviction records accounted for by the competent agencies (CAs) responsible for the fight against organised crime (OC) illicit financial flows in Nigeria within the reviewed periods (see also GIABA 2013). Additionally, the NFIU activity report of 2012 did not provide evidence that linked these intelligence reports with forfeited assets of the convicted OC offenders in Nigeria in that same year. According to the GIABA Secretariat's Analysis on Nigeria, the "lack of capacity of the FIU to receive and analyse STRs to assist the LEAs in the investigation of ML/TF cases and lack of

training of personnel from LEA, the FIU, the Central Bank and prosecutors on the application of freezing and confiscation measures obstruct success of combating proceeds of crime in Nigeria” (GIABA, 2013:9-10). That is why the Nigerian AML regime still struggles to link the records of disseminated intelligence to the records of freezing, seizing and confiscation of proceeds of crime at various specialised agencies in the country.

Additionally, the deficit obstructing the success against the data to fight organised crime in Nigeria can be attributed to the problem of data integrity and data structure discussed in the earlier part of this chapter. Furthermore Chapter 7 of this thesis also disused detailed overall impediments against illicit financial flows of the OCGs in Nigeria. These impediments ought to be addressed and subsequently removed before the NFIU’s operations can be strengthened through the adherence and application of effective data integrity for combating illicit financial flows of organised crime and other related serious crime in Nigeria. Similarly, operational autonomy of the NFIU from its parent agency is important to fast-track availability and allocation of resources to combat OCGs’ illicit financial flows in Nigeria.

#### **8.4 Peer-Reviewing the NFIU Statutory Reporting Regime with that of their other Counterpart Financial Intelligence Units (FIUs) in the Region**

This section evaluates the AML statutory reporting of the Republic of Ghana and compares it with that of Nigeria to analyse how Nigeria has performed when ranking her with other counterpart Financial Intelligence Unit (FIU) in the West Africa region using the results obtained from the submitted AML statutory reports in these two countries. The Ghanaian AML statutory data will be discussed using the 2012 Annual Report of the Financial Intelligence Centre in Ghana.

##### **8.4.1 Comparison of the AML Statutory Data of the Financial Intelligence Centre, Ghana and that of the NFIU**

According to the 2012 Annual Report of the Financial Intelligence Centre (FIC), Ghana, the total number of suspicious transaction reports (STRs) increased from 137 to 375 in 2011 and 2012 respectively. In the same report, the number of disseminated intelligence increased from 57 to 254 in Table 8.9.

Table 8.9 shows the comparative analysis of the AML data reported by the reporting institutions in Nigeria and Ghana to their respective Financial Intelligent

Units. The Table indicates that the Nigeria FIU accounts for a higher number of STR, i.e. 3,824 and 2,828 STRs in 2011 and 2012 respectively. While its counterpart FIU in Ghana recorded 137 and 375 STRs within the same period.

Table 8.9: **Comparison Table of the STRs Filed and Intelligence Disseminated by the NFIU and FIC in 2011-2012**

FIUs	STRs (2011)	Intelligence Disseminated (2011)	Percentage (%) Disseminated (2011)	STRs (2012)	Intelligence Disseminated (2012)	Percentage (%) Disseminated (2012)	Variance %
NFIU	3,824	113	2.95	2,828	212	7.49	+ 4.54
FIC	137	57	41.60	375	254	67.73	+ 26.13

Author's analysis from NFIU, 2013; FIC, 2012; GIABA, 2013

Notwithstanding the higher number of CTRs recorded by the NFIU in 2011 and 2012, in Table 8.9, the number of the intelligence reports disseminated by the Nigeria FIU is not sufficient enough to combat the proceeds of organised crime within the period under review. A reasonable percentage of intelligence reports expected to be disseminated by the NFIU to competent authorities in Nigeria to combat the proceeds of OCGs should not be less than 50 percent, looking at the number of the STRs reported by the reporting institution in Nigeria in 2011 and 2012. However, the NFIU only managed to disseminate 2.95 percent and 7.49 percent of the reported suspicious transactions reports under its control in 2011 and 2012 respectively. This further affirms that such statistics are due to lack of data integrity and the existence of impediments to fight against OCGs financial flows in Nigeria (Chapter 7).

A comparison of the AML data used in Ghana and Nigeria in 2011 and 2012 should not only dwell on the fact that Ghana FIU accounted for fewer STRs within this period but also the percentage of intelligence disseminated to combat illicit financial flows in Ghana was above average considering the number of the STRs reported to the Ghana FIC within this period. In 2011 and 2012, Ghana's FIU disseminated 41.60 percent and 67.73 percent of the intelligence reports obtained from the 512 STRs of its reporting institutions during the review periods. This number is less than a quarter of the STRs reported to NFIU in 2011 alone. The success behind the higher performance of Ghana's FIC as compared with the NFIU was traced to the operational autonomy of the Ghana FIU in January 2010 (GFIC Analyst, GFIC, 2012).

Table 8.10: **Anti-Money Laundering Cases – Nigerian Nationals Offenders in Ghana**

S/N	OFFENCE	AMOUNT (USD)	AMOUNT (EUR)	AMOUNT (GH¢)	AMOUNT (GBP)
1	Money Laundering and Advance Fee Fraud (ML & AFF)	180.00 1,425.00 121,815.50		100.00 121.75	
2	ML & AFF	8,527.57			
3	ML & AFF	11,700.00			
4	ML & AFF		10,000.00	290.43	
5	ML & AFF	26,400.00			
6	ML & AFF	23.23 115.00		118.69 209.35 510.88	
7	ML & AFF		10,000.00		
8	ML & AFF	16,500.00			
9	ML & AFF	25,000.00			
10	ML & AFF	14,138.16			
11	ML & AFF	8,200.00		1,030.11	
12	ML & AFF	413,582.19			
13	ML & AFF	161.75		10,598.44	
14	ML & AFF				4,300.00
15	ML & AFF	131,921.00			
16	ML & AFF	32,000.00			
17	ML & AFF	3982.00			
18	ML & AFF	9,917.28			
19	ML & AFF			65,430.00	
20	<b>Grand Total</b>	<b>809,088.68</b>	<b>20,000.00</b>	<b>78,409.65</b>	<b>4,300.00</b>

Source: Interview Data from Financial Intelligence Centre, Ghana and Economic and Organised Crime Office (EOCO) (2013)



Ghana's FIU also has the power to freeze the accounts of suspected organised crime groups in the country and collaborates with Economic and Organised Crime Office (EOCO) in Ghana to freeze the proceeds of their crime (GFIC Analyst). Additionally, from the 254 intelligence reports disseminated to the competent authorities in Ghana in 2012, the Ghana FIU recorded confiscations of illicit assets obtained through criminal activities during the period under review. These assets ranged from 1 BMW saloon car, 2 houses located in Accra and cash totalling \$2.70m and €76,000.00 (GFIC, 2012).

According to the GFIC Analyst, the most frequently noticed offenders from whom assets were seized in Ghana were citizens from Nigeria, Lebanon, Liberia, China, India and Ivory Coast. Table 8.10 shows data of money laundering cases and confiscated amounts belonging to Nigerian Nationals in Ghana, which was disseminated by the Ghana FIU to the Economic and Organised Crime Office in the country. The Nigerian AFF organised crime offenders established shell companies under falsified documents in Ghana (GFIC Analyst). Illicit funds are frequently wired into these faceless companies using fake documents and they operate this account while spending 95 percent of their time in Nigeria and spending weekends in Ghana to perfect the crime (GFIC Analyst). The findings from 19 cases provided by Ghana FIC and EOCO to the author during the Ghana fieldwork revealed that the Nigeria AFF offenders accounted for illicit flows of currencies amounting to US\$809,088.68, €20,000.00, £4,300 and GH¢78,409.65 as shown in Table 8.10.

The medium that attracts these illicit money transfers are mostly the Nigerian indigenous banks operating their branches in Ghana (GFIC Analyst) and the Regional banks that have their branches in all West African States, including Nigeria. According to GFIC Analyst, these are banks with weak anti-money laundering compliance culture". Afterwards, the Nigerian banks operating in Ghana used a strategy of zero balance account opening to attract account holders in Ghana (GFIC Analyst). Therefore the offenders may open numerous accounts in those banks in the anticipation to launder proceeds of crime (GFIC Analyst).

In summary, even though the FIU of Ghana had accounted for very small STRs of 375 in the comparative Table 8.9 as compared to the Nigeria FIU that recorded 2,828 in 2012, the Ghana FIC was able to disseminate its intelligence report optimally to the competent authorities responsible for the fight against illicit flow of

organised crime in Ghana. The Centre also disseminated a higher number of intelligence reports totalling 254 from the 377 STRs reported in 2012 as compared with the Nigeria FIU who shared only 212 intelligence reports from the total of 2,828 STRs received from the reporting institutions in 2012. Additionally, the Centre was able to monitor and control the illicit flows of the Nigerian AFF offenders who operate in Ghana on a 'weekend-basis' while trying to conceal their nationality for their targets who are aware of the schemes of the AFF offenders from Nigeria. The secret behind this success is the operational autonomy that consolidated the data collaboration of the Centre with Economic and Organised Crime Office (EOCO) and other relevant AML institutional stakeholders in Ghana (GFIC Analyst).

### **8.5 Some Recommendations for Future Consideration: Enhancing AML Data Intelligence in Nigeria**

This chapter has evaluated and presented some problems facing the quality assurance of the AML statutory data used in Nigeria to counter the illicit financial flows of the organised crime groups (OCGs) and other related serious crime. The lack of quality assurance of the Nigerian AML statutory data further impedes a successful outcome on the 'war' against organised crime financial flows as follows: the majority of the AML data reported by the reporting institutions to the NFIU were of sub-standard quality; quality AML reports were not timely reported; the internal structures of the reporting institutions were not fully compliant and well regulated, leading to under-reporting of qualified AML data; and the intelligence disseminated from this data did not impart on the number of forfeited assets as well as the convictions record of the OC offenders in Nigeria. Nonetheless, the commitment to support the law enforcement agencies and other competent authorities, as well as the users of the AML intelligence remains the priority of the NFIU for the fulfilment of the Nigeria's global requirements of combating illicit proceeds originating from criminal activities. In order to achieve this objective, a multi-strategy approach to improve the Nigerian AML regime would be necessary. A number of recommendations have been proposed by the author for future consideration in Nigeria and other global jurisdictions that have similar problems of data quality assurance within their AML regimes and these will be discussed in turns.

### 8.5.1 Continuous Public Engagement

The introduction and implementation of the AML regime in Nigeria is tinged with social justice impediments (see Chapter 7).

However, the difficulty to fully implement the international standards and recommendations of AML regime in the developing economy is not a new fact in academic literature (see also Halliday, Levi and Reuter, 2013). The international standards setters have not develop standards that are suitable to the circumstances of developing economies. Notwithstanding this, these international standard setters have imposed their standards and recommendations on Third World countries and have imposed sanctions when these developing countries fail to implement them to the letter (Passas, 2003), hence, often resulting in economic hardship and setbacks in the development economic of Third World countries (see Chapter 7 for more details).

Therefore, developing countries, including Nigeria, will have to positively and constantly engage the community on the need to 'buy-into' the successes of the implementation of these international standards and recommendations and the benefits such successes will bring into their communities. According to CBN Regulator 1, the numbers of challenges preventing the objectives of the AML regime in Nigeria from being effectively realised are associated with the lack of in-depth education of the general public. The general public is not fully aware of the importance of what their local law enforcement agencies are doing. Therefore, until appropriate messages are conveyed to the general public, all efforts to combat organised crime and criminal proceeds will still be in the 'dark'. The only way to overcome this is to communicate this message in diverse ways. This will include embarking on effective information dissemination to increase public awareness of these standards and recommendations in Nigeria. The awareness will achieve two things. Firstly, the general public will get to know what their local law enforcement agencies are doing and secondly, they can also help to achieve the objectives of these international standards by suggesting possible ways of achieving them in the local context. "The changing of public attitudes – whether they take the form of positive support or merely acceptance because no alternative is envisaged – can be a significant and worthwhile policy objective" (Levi & Maguire, 2004:412).

### 8.5.2 The Need for Private Sector Engagement

In Nigeria, there exists a private sector AML compliance initiative forum called the Committee of Chief Compliance Officers of Banks in Nigeria (CCCOBIN) that provides a level-playing ground for the financial institutions to discuss their AML compliance requirements with the LEAs and other competent authorities in the country (Chief Compliance Officer 1). Strengthening the objectives of this platform will require robust legislations to provide the chief compliance officers (CCOs) of the reporting institutions with the necessary legal mandate to function well as required by law. The CCO's fear of losing their jobs further limited the objectives of this private forum from being materialised. This is because the AML compliance officers in Nigeria cannot act independently of their employer when revealing sensitive transactions occurring within their reporting institutions (Chief Compliance Officer 2). Hence, the enactment of legislation by the Government of Nigeria will embolden the CCOs in their compliance of the AML requirements and their specific roles in facilitating compliance should be explicitly stated in such legislation in Nigeria.

The CCCOBIN is also alarmed and very concerned by the "frequent deliberate absence of the NFIU at the CCCOBIN meetings" (Chief Compliance Officer 2). Sometimes, sensitive issues at the forum were escalated by the NFIU to the Banks' Management leading to some CCOs losing their jobs (Chief Compliance Officer 2). The recommendation suggested for the benefit of private sectors engagements forum is the need for a more 'carrot' led motivational approach instead of the 'stick' approach. This implies that sustaining a continuity in the role and effectiveness of informal private sector engagements will require an application of moral sanctions rather than legislative sanctions in the global states. This is what Levi and Maguire referred to as "evaluating moral climate", a required reduction and prevention strategy to assess the level of impact on desired outcomes in the fight against organised crime group's illicit activities globally (2004:406).

Additionally, the enhancement of the AML data assurance highlights the need for terms such as 'dispersal of governance' and 'responsibilisation' in Nigeria (Garland, 1996, 2001; Rose, 2000; Levi and Maguire, 2004). In the UK the major private sectors are taking the lead in regulations and compliance initiatives within their jurisdiction (Levi and Maguire, 2004). Hence, it is of absolute necessity for

the NFIU to begin encouraging the private sector, such as self-regulatory bodies for taking the initiative in the AML compliance enforcement process. For instance, in the UK, the self-regulatory bodies “find it easier to impose preventive measures” on the operational activities of their members (Levi & Maguire, 2004:404). The NFIU will have to bring the Banker’s Committee in Nigeria on board to overhaul the practice of banking and finance in Nigeria. This will require the Committee to evaluate and monitor conducts considered unprofessional in the sector for the NFIU and thereby enable the NFIU to properly understand the areas that constitute high risk for Nigerian AML regime within the banking sector. Effective application of this information will speed up adherence of the compliance requirements within the banking, finance industry and other reporting institutions. Also, the Association of National Accountants of Nigeria (ANAN) and the Institute of Chartered Accountants of Nigeria (ICAN) have to be constantly engaged by the NFIU to encourage the growth of an integrity and compliance culture within the registered membership of the Professional Accountants through the adherence to the reporting requirement obligations and submission of the suspicious transactions of potential organised criminal group customers when acting on their behalf as *gate-keepers* for high risk transactions. Additionally, the assistance of the Estate Agents and Surveyors will be required by the NFIU for the purpose of intelligence gathering on the hidden assets of the organised crime groups in Nigeria. Likewise, continuous deliberations and meetings with the Nigerian Bar Association (NBA) can assist the AML regime by strengthening the cooperation of lawyers in the reporting of suspicious activities of their clients when the public interest is at stake.

The ‘dispersal of governance’ and ‘responsibilisation’ may require the NFIU to appoint collaborators to facilitate the fight against illicit flow of organised crime within the financial and non-financial institutions in Nigeria. For instance, in the case of Senegal in 2011, the 28 collaborators were appointed by CENTIF Senegal to help coordinate the banks and financial institutions. Also an additional 17 collaborators were appointed within the Insurance Companies and 1 collaborator was appointed by the Senegal FIU within the Casinos business operators. This strategic approach is working well for the Senegal FIU in achieving effective outcomes for the AML regime of that country (CENTIF Senegal 2011). The scope of the Nigerian AML regime should be wider than that of Senegal due to the larger population and economy of Nigeria in comparison and the relatively high statistics of the offenders there. Hence, adaptation of sectorial collaborators will facilitate rapid success rates within the AML regime in Nigeria.

### 8.5.3 Strengthening Public Sector Collaborations

The analysis of this chapter revealed the need to strengthen cooperation amongst the public sector AML collaborators in Nigeria. For effective AML collaboration to take place in any country of the world, the Financial Intelligence Unit (FIU) of that country, (the focal point of the AML regime) requires operational autonomy (IMF and World Bank, 2004). The operational and financial autonomy of the FIU will determine the level of effectiveness in outcomes for the regime of anti-money laundering in any global State (CBN Regulator 2 and NDLEA Investigator 1). The lack of operational and financial autonomy of the NFIU impedes the quality of AML data and intelligence gathered in Nigeria as shown in Tables 8.8 and 8.9 of this chapter. This may limit effective allocation of the FIU resources to strategic areas of the country's AML regime, if the FIU is dependent on the release of funds from its parent or domicile organisation before strategic decisions are made.

In Nigeria, the NFIU does not have enough resources, and it has to depend on the zero budget allocation from its domiciled organisation, the EFCC (NDLEA Investigator 2 and CBN Regulator 2). Therefore, the deficit of the zero budget allocation of the NFIU limits its effective allocation of resources to AML strategic areas in Nigeria. This equally affects the quality of AML data and intelligence reports disseminated by the NFIU to counter organised crime and the illicit wealth of the OCGs in Nigeria. Consequently, to bridge the gaps militating against effective outcomes of the Nigerian AML regime, requires the existence of an operational and autonomous FIU in the country.

The synergy adopted by Senegal AML regime in coordinating its frameworks was facilitated by the appointed FIU correspondents in various state departments (CENTIF, 2011). These public sector correspondents worked closely with CENTIF (the Senegal FIU) to improve the AML data and intelligence sharing of CENTIF Senegal amongst the competent authorities thus 'drying out' the proceeds of organised crime in that country (CENTIF Analyst). The CENTIF platform also has a review Commission where cases of money laundering of OC offenders are submitted to. Therefore, it is easy for the Commission to refer intelligence cases to the judicial authorities for prosecution. Hence, through this process, cases of illicit wealth gain of OCGs are coordinated and accounted for in Senegal. For example, in 2011, 10 convictions were recorded from the 17 cases passed on to judicial authority in Senegal.

The collaboration between the NFIU and the Federal Inland Revenue Services (FIRS) is also important to discover the 'under-reported and unreported' illicit funds of OCGs through the enforcement of a tax administration regime in Nigeria (Levi & Maguire, 2004:414, emphasis added). This may necessitate the secondment of actionable public agencies to work together in the NFIU periodically to develop robust AML intelligence products in Nigeria. It is also necessary for the NFIU to collaborate with the Central Bank of Nigeria (CBN) to ensure that periodic guidelines to counter illicit financial flows which are circulated within the financial institutions are up-to-date. Furthermore, rules of engagement to deal with intelligence reports to counter these illicit financial flows when they penetrate should be clear enough to assist competent authorities in countering them (CBN Regulator 1). Positive rules of engagement between CBN and Special Control Unit against Money Laundering (SCUML) enable the CBN to issue circulars inviting Nigerian banks not to open an account for any designated non-financial businesses and professions (DNFBPs) that had not registered with SCUML. This synergy creates another account opening documentation requirement for DNFBPs operating within the Nigerian AML regime. "This has opened up a wider window to register, monitor and regulate the activities of the unregistered underground DNFBPs operators in Nigeria" (SCUML Regulator 1). This is what Levi and Maguire described as regulatory strategies of local authorities, to disrupt the 'businesses' of organised crime within the global jurisdictions (2004).

More of these collaborative initiatives are expected amongst the competent authorities responsible for the implementation of the Nigeria AML regime. In particular, the insurance sector reporting institutions will require a robust action plan between NFIU and the National Insurance Commission (NAICOM) to comprehend and eliminate the deficit in the under-reporting within this sector. A task force committee can be constituted to evaluate the AML reporting modalities of the insurance sector. This will bring the sector up-to-speed with counterpart financial institutions that are complying with the requirements of the Nigerian AML regime. As a result, a likely attempt by the offenders to conceal their ill-gotten funds within this sector can be curtailed.

#### 8.5.4 The Compatibility of the NFIU Database with that of the Reporting Institutions and other Competent Authorities

There is no doubt that most of the designated reporting institutions do not currently comply with the Nigerian AML reporting requirements (Figure 8.2 and Table 8.2). After all, the definition of the reporting institutions is too broad and difficult to cover (FATF, 2013; GIABA, 2008). Also, the long list of the AML reporting institutions is constantly updated within the global States upon the directives of the international standard setters. Hence, the NFIU will require effective collaboration from the private and public sector regulators (by working with them) to ensure full reporting compliance of all designated reporting institutions obligated to the Nigeria AML regime. The NFIU may have to work closely with the AML regulators to design a more comparable reporting questionnaire format for the reporting institutions on specific sectorial based circumstances. The compatibility of these reports with the NFIU database is worthy of mention, as the NFIU ICT Unit and the Compliance Unit can champion this cause by working with various AML reporting institutions in Nigeria to develop their reporting database to suit the NFIU database specification. This project will require availability of resources at the NFIU. The NFIU is currently under-funded and lacks financial autonomy (NDLEA Investigator 2). Therefore, financial and operational autonomy of the NFIU will fast-track the success of this project.

Furthermore, a future consideration for the NFIU on data reliability and acceptability of the disseminated AML intelligence reports in Nigeria will require the NFIU to share its database with competent authorities and other law enforcement agencies in Nigeria to collaborate their intelligence with the NFIU in countering organised crime financial flows in Nigeria. The sharing of the NFIU database with the competent authorities and LEAs in Nigeria will enable the NFIU build a systematic reporting regime that will enhance the robustness of disseminated intelligence reports to combat organised crime illicit enrichment in Nigeria. The current capacity at the NFIU does not suggest any existence of systematic reports from the private and public sectors in Nigeria. In Senegal, the strength of their AML data and intelligence reports is based on systematic reporting (CENTIF Senegal Analyst).

Additionally, the lack of compatibility of the AML databases will cause distortion in the statistics and measurement of organised crime financial flows in any global



jurisdiction. It was revealed in this chapter how the SCUML accounts for higher number of STRs for the designated non-financial businesses and professions (DNFBPs) as compared with that of the NFIU in the Figure 8.2. Looking to the future, the NFIU will need to have seamless access to the database of the SCUML if the Unit is granted power to escalate or receive STRs generated from the DNFBPs in the country. This will help the NFIU to preserve its status as the central national agency for AML statutory reports in Nigeria.

#### 8.5.5 Development of the AML Intelligence Performance Indicators and Targets

An additional thought for consideration for the purpose of improving the quality of the intelligence reports (IRs) of the NFIU suggests the need to conduct intelligence report needs assessment of the users of the AML intelligence packages in Nigeria. This project can be achieved by designing a comprehensive IRs questionnaire that adequately captures the expectations of users of the quality intelligence reports. This questionnaire, when designed appropriately can impact positively on three things: Firstly the NFIU will have a better understanding of the specific expectations of a particular LEA or CA from the NFIU intelligence reports. Secondly, the questionnaire can help the NFIU to build specific indicators that will inform the quality of the collaborated IRs in Nigeria. Finally, these indicators can help set targets for the intelligence reports of the NFIU.

Thus, it will provide the analyst at the NFIU with an accurate picture of the businesses and IR needs of the AML users. This task can be coordinated by the AML correspondents and relevant designated AML collaborators in Nigeria. Tasking the AML IR indicators on agency specific circumstances will achieve maximum impact in achieving an effective AML regime in Nigeria. One of the important tasks to be conducted by the NFIU may require an in-house peer review meeting at the NFIU. This peer review meeting can be held periodically at the NFIU or elsewhere to evaluate any intelligence product that needs to be disseminated to the LEAs or other competent authorities before being transmitted out of the NFIU. This procedure will give the NFIU the opportunity to critically assess with the view to improve any inherent weaknesses of the IR before it is sent out to their users.

Finally, improving the quality assurance of the NFIU AML intelligence reports will require a procedure which subjects IR products to peer review by user agencies

in Nigeria. At the moment, all the IRs sent out by the NFIU are accompanied with a feedback form that determines quality assurance issues, including the outcome of the IRs resulting in conviction and/or the size of the forfeited proceeds of crime (NFIU Analyst 3). Nonetheless, to track the efficiency of the NFIU IRs may require a process that goes beyond internal evaluation of the feedback questionnaires that are not currently available for external evaluators. Consequently, in the future, monthly meetings may be arranged between the leadership of the NFIU and the AML correspondents from the user agencies and other AML collaborators as suggested previously in this chapter. The objectives of the meeting will be to evaluate and diagnose the correlation between the NFIU AML intelligence reports and the effective outcomes of the Nigeria AML regime.

## **Chapter 9**

### **The Collection of Contribution to Knowledge**

This chapter will summarise the major reflections of this thesis, it will offer some discussion on possible limitations of this study and it will also suggest future opportunities for academic research. The chapter will also present the collection of findings from the preceding chapters and will discuss the final assessment of the central thesis in general.

#### **9.1 Limitations of Study and Scope for Future Research**

This research has explored the dynamics of organised crime and its illicit financial flows in the global South (Nigeria and West Africa) through and/or from the global North (the UK and Europe). Thus, the thesis has stimulated other issues of interest in the quest to achieve its set-out objectives. Particularly, following the National Crime Agency in the UK collaboration with the researcher during the fieldwork project in Nigeria, Ghana, Senegal and the Gambia. Nonetheless, the fieldwork exercise involved a relatively small group of participants who were chosen from pool of national, regional and international anti-money laundering (hereinafter, AML) professionals and other competent experts (including law enforcers) responsible for curbing organised crime threats and illicit financial flows in the global South and the global North. Engaging in discussions with a range of AML experts and professionals was hugely beneficial. The fieldwork did not explore the possibility of conducting interviews with the general public. The analysis of both public opinion on anti-money laundering regime and combination of the general threats of organised crime to the wider society would be particularly relevant when exploring the awareness, role, attitude and reaction of the general public towards the implementations of standards to curb illicit financial flows of organised crime groups in Nigeria.

Chapter 7 analysed several impediments that “militate” against the successful implementation of the AML regime in Nigeria. Of particular importance within the Nigerian AML regime is the impediment which infringes on the right of general public i.e. (the impediment on social justice and financial inclusion in Nigeria). Therefore seeking the views of members of the general public would have potentially offered a yardstick to measure the effectiveness of the implementation

of AML standards and possible conditions from the perspective of the general public and the level of acceptance of such standards within Nigeria.

Additionally, it has not been possible to conduct a comparative analysis of the AML regimes in the global North i.e. (the UK and the European States) with that of the global South i.e. (Nigeria and West Africa States). The thesis has however compared the AML statutory data of Nigeria with that of Ghana in Chapter 8. It may be illuminating to discover the effectiveness and success of the different regimes of anti-money laundering in Europe in comparison to that in the West African states. The perspectives of the case studies on money laundering as analysed in Chapter 6 revealed that a higher percentage of the proceeds of organised crime groups from the global South (Nigeria and West Africa) are mostly generated from Europe.

The findings of the impediments affecting the successful fight against organised crime's illicit financial flows in developing countries and Nigeria, importantly, also open up further future research prospects in developing economies. Firstly, the political and social scientists can ascertain the political and social impediments against a successful anti-money laundering regime in developing countries. Secondly, the economists can also evaluate the impact of economical impediments of the regimes of AML on developing economies. Thirdly, the existence of legal impediments also provide an academic research avenue in criminal justice studies.

Finally, this thesis submits a new **Anti-money Laundering Transaction Validation Model** in Chapter 5 to help improve the regimes of AML within developing economies. This Model does not include the implementation strategy which may be undertaken within the developing countries because of the limited funding and the scope of this research project. The modality of the implementation plan for this Model may be the subject of future academic research. The invention of this Model could lead to a new body of academic subject or discipline and it may be called 'Social and Criminal Justice Informatics Study'.

## 9.2 Primary Research Findings

The principal research findings that contribute to knowledge in this study revealed the dynamics of global transnational organised crime and the phenomena of organised crime in Nigeria. The phenomenon and dynamism of the organised crime threats and illicit financial flows globally and Nigeria particularly have led to the findings on the regime against money laundering. The findings group organised crime and illicit financial flows together by exploring the rational choice theory and anti-money laundering framework as the twin conceptual frameworks for the thesis. These two conceptual frameworks demonstrate the perspectives of organised crime financial flows and the roles of the actionable agencies towards the curbing this menace of organised crime in Nigeria. The findings concluded by considering the impediments that militate against efforts combat organised crime financial flows in Nigeria.

### 9.2.1 Dynamics of Global Transnational Organised Crime

Chapter 2 reflected on organised crime concepts, characteristics and types. It is in this chapter the definitions of organised crime are placed into two broad categories i.e. the social science and institutional definitions. The social science definitions revealed that organised crime concept derived its name from the organisational theory/model, the first model under which the organised crime groups (hereinafter, OCGs) were operated by Mafia syndicates. This model adapted social structure, leadership and combination of functional specialisations in order of hierarchy and involvement in a multiplicity of criminal activities. Later, the model of organised crime groups moved from an organisational model to 'patron-client' model. The model that allows flexibility of operation as compared to complex hierarchical structure that discouraged ease in change of leaderships whenever a particular leader of the group is incapacitated, in order to keep the criminal businesses functioning as an ongoing concern. The fundamental pillar of this model is associated with loyalty and trust by the 'client' (the follower in crime) to their group leader the 'patron' and in return the 'clients' are compensated with protection from their leader. The last categorisation of the social science definitions explored the concept of organised crime objectives and these objectives are achieved through the interaction of social networks and systems. The social networks interaction of the organised crime groups comprises the connectivity between the criminal actors and the state actors. It was revealed how the cooperation of the politicians, law enforcers, legitimate entrepreneurs and other

social systems could facilitate the business objectives of organised crime groups and the maximisation of illicit proceeds within the global jurisdictions.

The institutional definitions of organised crime are specified by the supranational and national institutions combating and assessing the organised crime threats within the global communities. Therefore, the wordings of their definitions usually revolve around complex criminal activities, perpetrated by groups of people. The assessment of OCGs threats is undertaken by virtue of the negative impact of organised and other related serious crime on national and global developments. The use of intimidation, violence, corruption or other means to profit from crime were also explored by global organised crime threats assessors.

The activities and businesses of organised crime are conducted illegally within the global jurisdictions. Therefore, the illegal actors required dynamic strategies to convey illegal goods and services from/through the global South to global North or vice-versa. These strategies are the characteristics of organised criminal operations in the globalisation of crime. The first characteristic of organised crime is revealed through the international dimension of its operation. The global interconnectedness of people and jurisdictions offers a unique opportunity for the organised crime offenders to move illegal good and services to illegal global markets where services of the organised crime groups are required. The availability of global illicit economy and markets provide competitive advantage and higher value for the proceeds of organised crime when the offenders in the global South channel the supplies of their illicit 'products' of crime to the rich jurisdictions located in the global North for profit maximisation by competing with the OC groups in the global North. The consequential effect of the global illicit economy which originated from organised crime activities has been the subjection of many countries within the world to serious threats that militate good governance and national developments in developing countries.

Another characteristic of organised crime groups involves the adoption of a structure and networks strategy approach for achieving a criminal business model. The traditional organised crime groups adopted a structural approach that is not flexible and soon became less profitable due to law enforcement clamp-down in the global states. Thus, organised crime groups change their strategy from structural approach to loose and fluid networks which allowed the possibility of 'high scale production and profit maximisation' of illegal goods and services in the

globalisation of crime. Hence, organised crime groups explored the social and system networks opportunities to expand their strategies by engaging crime facilitators (such as law enforcers, politicians, bankers, lawyers, accountants, estate valuers, entrepreneurs and other relevant private and state actors) who provided a specialised role in the complex 'web' of organised crime transactions. The abuse of social networks and systems of organised crime group is extended to the use of legitimate business structures to conceal the profits originated from the criminal activities by diluting them with profits of legitimate businesses. The final category of organised crime characteristics adopted the strategies of counter-measures, violence and corruption to secure profit maximisation and continuity of organised criminal businesses.

Although, the 'commodities' of organised crime businesses are countless as a result of the globalisation of crime, this chapter revealed four categories of global illicit transnational organised crime 'goods and services'. The 'services' derived from human trafficking is the first. The next category submitted all forms of trafficking in illicit goods like, narcotic drugs, counterfeit commodities and illicit trafficking in human organs, as well as all types of illicit trading in goods, like abusing environmental resources, such as (timber, wildlife and fish; including minerals, like gold and diamonds), the illicit trading in cultural resources and arm. The final category explored the cybercrime related organised criminal networks. The estimated market value of organised crime businesses appeared very difficult to ascertain due to exaggerated official figures originating from the supranational institutes curbing and monitoring the threats associated with organised crime concepts. However, this study submitted that a total figure of \$720 billion approximately accrued to transnational organised crime on a yearly basis using a range of evidences cited in Chapter 2.

In summary, the concept of organised crime appeared to be very problematic as a result of the evolution of its models for the attainment of the criminal associations' objectives in the global jurisdictions. The first model (organisational model) is becoming less-popular, whereas more loosely and fluid networks that commit serious transnational crime are more common. The loose and fluid networks avoid and abandon the organisational and 'patron-client' models that exposed the structure, hierarchy and leadership of the criminal groups to the enforcement activities of the national and global criminal justice system. Consequently, the loose and fluid networks criminal offenders' maximised the opportunities provided

by the crime facilitators alongside the advantageous schemes of organised crime that exist in the social networks and systems of the jurisdictions where they operate. Notwithstanding the broader dynamics of the global transnational organised crime, the official estimated market value of what constitutes illicit global transnational flows are not accurate and often exaggerated. These estimates do not include the illicit enrichment accumulated to the state actors operating in the social networks and systems of organised crime groups.

### 9.2.2 Phenomenon of Organised Crime in Nigeria

Chapter 3 continued the discussion on the history and contemporary challenges of organised crime in Nigeria in relation to the dynamics of global transnational organised crime discussed in Chapter 2. The history of organised crime in Nigeria was traced back to post-slave trades in the 1870s after the abolition and subsequent criminalisation of trade in human beings along the West African Atlantic coast by Europe and the United States. Even though the slavery of African people was banned, the illicit demands of slavery skyrocketed in Europe and America to meet the demand of the Industrial Revolution that was characterised with cheap labour in the 1800s. Therefore the smuggling of human beings by the African suppliers and their counterpart offenders in Europe subsidised Industrial Revolutions in the 1800 century. This made human trafficking the oldest organised crime in Nigeria.

The historical phenomenon of organised crime in Nigeria changed course into a sphere of drug trafficking when West African students studying in Europe and North America were deprived of their study grants from their respective governments through political corruption. Some international students from West Africa served as drug couriers for the criminal Networks to move drugs from the region to Europe and North America in order to make money for their unpaid study grants. This episode revealed that the US government documented the smuggling of heroine via Nigeria and Ghana in 1952. Later, the organised crime offenders in Nigeria started advance fee fraud (AFF) during the Second Republic of 1979-1983 using fraud to exploit proceeds of crime from their victims, mostly the victims of their own greed located in the global North and the global South.

The dynamics of AFF was further developed into two generations, the first and second AFF generations. The first generation are the old offenders that profited



from trade in 'greed' originated from high traffic of victims in the global South and global North, mostly in Europe and United State. On the other hand, the new generation AFF offenders explored information communication and technology (ICT) to steal identity information of their victims across the World. The second generation offenders use cybercrime and have adopted phishing, the technique aimed to profit from illicit channels and opportunities provided by the global internet. Notwithstanding the high traffic of the AFF victims located in the global North, the largest AFF crime on earth committed by Nigerian offenders was a South on South run (i.e. AFF crime of 'Nigerian' offender from the South on a victim bank in Brazil located in the global South) that recorded illicit proceeds of US\$242 million from a fraud committed on a bank called Banco Noroeste, Sao Paolo in Brazil. The full details of this case was further analysed in Case study 6.9 of Chapter 6.

The historical development of organised crime in Nigeria has evolved to a great extent, nevertheless, little is known about the roles and the criminal business model of the Nigerian transnational crime offenders in the academic discourse. Therefore, the study explored these gaps using figures, tables and flow chats to demonstrate the roles and the schemes of the Nigerian actors in the globalisation of crime. Of particular significance, were Figures 3.2, 3.5 and 3.9 which established these facts. Figure 3.2 analysed the scheme of trafficking in persons for commercial sex exploitation in Europe and the supply of victims originating from Nigeria to meet the demand for sex-workers in destination countries. The less privileged victims with low socio-economic status were often trafficked to destination countries located in Europe. Next, Figure 3.5 revealed the structure of the illicit supply and demand markets of narcotic drugs from/through the global South and to the global North where the 'consumers' bought illicit drugs with higher foreign currencies as compared to the existing local price of narcotic drugs in the street markets of Nigeria. The last is Figure 3.9 that showed the typical lifecycle of the second generation AFF offenders in Nigeria. These Figures are derived from the researcher and contribution to the phenomenon of organised crime in Nigeria.

### 9.2.3 The Regime against Illicit Financial Flows

Chapter 4 considered the definitions and context of money laundering and the regime against illicit financial flows. These definitions are explored using institutional and scholarly discourse on the term money laundering. The institutional definitions were pioneered by the United Nations under the Vienna

Conventions. Following this, in 1990, Article 1 (c) of the Council of Europe Convention gave a more elucidated definition for its member states. Further definitions are that of United Nations Office on Drugs and Crime (UNODC) and International Monetary Fund (IMF) and the Financial Action Task Force (FATF) definition. These institutional definitions illustrated the term money laundering using the words – participation in, association to commit, attempts to commit, aiding, abetting, facilitating, counselling, commission, knowledge, intent, concealment or disguise to explain the goal and the process by which a person or large number of criminal networks manipulate illegally obtained proceeds originated from crime to appear like revenues from legitimate source.

On the other hand, the scholarly definitions added that the term money laundering involves shielding away illicit earnings originated from both “unlawful” and “lawful” activities. The organised crime groups engage in money laundering in order to conceal illicit financial flows that originated from unlawful criminal activities. Thus “legitimate business owner” use money laundering to disguise lawful business earnings originated from higher tax jurisdictions, such as UK and the US where most of their business incomes were generated. Notwithstanding this, accountability for such profits are made in tax and annual reports of their ‘mushroom’ head-offices located in tax haven countries, such as Bahamas and Cayman Islands to conceal tax returns originating from their profitable branches located in the UK or the US (Chapter 6).

The money laundering stages documented three stages; Placement, Layering and Integration. In the first stage, the *placement*, earnings from the illicit activities are placed in the legitimate economy to conceal their illegal source via physical cash infiltration into financial institutions (FIs), and designated non-financial institutions businesses and professions (DNFIBPs) or abusing the porous transnational borders with illicit carriage of currencies. This makes ill-gotten revenues “legitimatised” at destination countries where crime did not occur. This contributed to the vulnerabilities of financial and non-financial systems and the global transnational borders within international communities. The next stage, *layering*, use ‘transaction intensity and speed’ to manipulate ill-gotten funds and earnings into complex and difficult layers of transactions to further conceal the money trails of the illicit/licit revenues from the investigation activities of the global criminal justice system. This is the most complex stage of money laundering that make the ‘fruits’ of crime harder to trace when conducting assets investigation. The last

stage is *integration*, and at this stage, proceeds of organised crime are fully integrated into the legitimate economy. The *integration* of illicit fund is the process of which 'dirty' money is washed clean to appear as if it originated from legal transactions. The study also revealed 'Hybrid' process, the process that occurred independently in one or combination of two stages.

The magnitude of the global problem of money laundering is uncovered within the 'attractiveness index' which characterised the vulnerabilities of the global illicit activities within the international communities. It explained that many countries operated weak anti-money laundering regimes in order to secure illicit enrichment of their state actors. Therefore, many jurisdictions in developing countries with weak laws are susceptible to organised crime activities as compared to countries with stringent laws in the developed countries. It is against this backdrop that the per capital index attractiveness submitted that 'dirty' money from the Third World countries are attracted by richer and developed countries of the global North (Table 4.1). That explained the continuity of lack of developments in many developing economies where funds meant for development in the global South were looted via high level political, public and private sector corruption that is facilitated by the global internets, cultural distance, language, colonial links and international trades. The lack of political will to fight organised and serious crime is contributing to the greatest attractiveness index that explained the magnitude of money laundering challenges within developing countries.

Money laundering in the 1980s became fashionable when the organised criminal groups dealing in drug trafficking were re-investing the proceeds generated from their illicit trade activities back into the governance of many global jurisdictions, including the United States. This study demonstrated how the Mafias hijacked the control of many major industries in the United States in Chapter 4. The lack of legislation to criminalise the proceeds originated from illicit drug trading activities made this act very popular during this era. Therefore, the 'war' on illicit drug trafficking started in 1988 when the United Nations convened in Vienna to hold a meeting for the adoption of a Convention that criminalised illicit traffic in narcotic drugs and psychotropic substances. This made the Vienna Convention the first initiative to combat the profits from illicit drug trading activities globally. The criminalisation of illicit drug trading witnessed displacements from drug trafficking to other serious criminal activities which Vienna Convention did not cover during 1990s. Hence, organised criminal groups maximised the proceeds originated from

other serious crime during this era. The displacement of the Vienna Convention gave 'birth' to a new Convention called the Palermo Convention in 2000. This Convention requested all member states of the United Nations to implement a local law in their countries that would criminalise a range of underlying serious crimes and offences linked to money laundering. Later, the Council of Europe Convention on money laundering introduced European Money Laundering Directives within European countries. The Commonwealth Nations were also apprised of the Commonwealth Strategies against Money Laundering by its Secretariat in order to help combat illicit financial flows originating from all sorts of serious and organised crime within its member states.

The global standard setters and specialised institutions in combating money laundering revealed the roles of supranational institutions in the fight against the illicit financial flows which originated from organised and other related serious crimes. The frontier global standard setter on money laundering is the Financial Action Task Force (FATF) whose mandate is to set, improve and promote standards to 'dry-out' illicit revenues generated from all categories of crime within the global jurisdictions. The FATF Regional-Style Bodies (FSRBs) collaborate with the FATF to implement and supervise FATF Recommendations and Standards within their regions. Other supranational institutions engaged in the fight against the 'fruit' from organised crime groups businesses include; the United Nations, the World Bank and International Monetary Fund. The Egmont Group is the association of the global elite Financial Intelligence Units (FIUs) which collaborates through the sharing of financial intelligence generated from the submitted and analysed suspicious transactions reports on serious and organised crime activities within the global states. The international private sector collaborator on standards setting to combat the menace of money laundering within the banking institutions is the Basel Committee on Banking Regulation and Supervisory Practices.

Therefore, the definition and context of money laundering cannot be thoroughly explored by the global standard setters if they fail to expand on what constitutes the 'lawful activities' on the term "money laundering". Currently, only unlawful activities define money laundering. This again forms the dark side on the global estimate of illicit money flows that was put at US\$2.0 trillion annually by the global standards setters. Nonetheless, half of this fund (estimated at US\$500 to 800 billion) originated from the global South, i.e. from developing and transitional

economies transmitted to the major international banking centres in the global North of developed economies. Hence, organised crime groups explored and profited from various 'attractiveness indices' and displacement that occurred in the international initiatives and legal instruments to combat illicit financial flows within the regimes against money laundering. Notwithstanding the three stages of money laundering, a 'Hybrid' process is preferred by the OCGs to launder the proceeds of crime, the stage where laundering process occurred distinctly in one stage or simultaneously when two stages overlapped.

#### 9.2.4 Theoretical and Conceptual Frameworks of Study

Chapter 5 demonstrated the theoretical and conceptual framework that links organised crime and money laundering together. These theoretical and conceptual frameworks are; the rational choice theory and anti-money laundering framework.

The rational choice theory clearly illustrated how organised crime groups in the global South created an 'illicit economic order' to fill the gap arising from a lack of legitimate social-economic opportunities witnessed in Third World countries, such as Nigeria. The lack of good governance in Nigeria and the availability of crime opportunities in the global North/South is the modality of illicit economic order of the organised crime groups in Nigeria. It demonstrated further, the business opportunity decision modelling of a crime, using three concepts: Value, Accessibility and Transaction (VAT) to explore the decision-making processes of the rational crime offenders in Nigeria (Figure 5.1). The first concept, *Value*, considered using a comparative analysis of the gains, benefits or proceeds derived from crime vis-a-vis the cost of being caught and seizure of illicit goods and confiscation of proceeds of crime. The second concept, *Accessibility*, analysed how offenders manage the risks of the illicit market and commodities. These required the offenders to engage in routine activities of locating a new route, new market, new customers and securing access to information communication and technology to guarantee continuity of the organised crime businesses. The final phase of the decision-making process of the organised crime offender is the *Transaction* stage. At this phase, the offenders conducted illicit businesses after a careful evaluation of the value of the crime and successful access to the targets located at both the commodity and the consuming market.

The anti-money laundering framework is employed in this study to evaluate the risk of committing organised crime and how to combat their illicit transactions within the global states.

Therefore, 40 Recommendations of the Financial Action Task Force (FATF) explained the various steps required by global states to counter the illicit profits originating from organised crime and other related serious crime. Notwithstanding this, the anti-money laundering framework comes with numerous theoretical and implementation challenges. For instance, it is very problematic to account for how much money is laundered annually due to empirical and conceptual problems revealed in Chapter 4. Again, the parameters used to measure money laundering at national, regional and global level do not include the laundered proceeds which originated from lawful activities, such as failing to pay taxes on legitimate business dealing and evading taxes. Also, the proceeds of crime accrued to the state actors associated to the organised crime systems and social networks are completely excluded in this parameter. On the other hand, the total income from crime often does not include the analysis of the spending and saving habits of the criminal offenders during the law enforcement investigation activities.

Additionally, the regime of anti-money laundering is not cost-effective and the standard setters have also failed to come up with cost benefit analysis of the regimes of money laundering within the global jurisdictions. The attention of the standard setters has mainly concentrated on formal compliance with the implementation of instruments and standards and less attention was given to successful outcomes of the programmes of the regimes against money laundering. See also Levi and Halliday (2013). Hence, the anti-money laundering (AML) pressure is heavy on developing and transitional economies that have been compelled to adopt the same recommendations and standards as their counterparts from developed and sophisticated economies of the global North.

Consequently, overcoming AML pressures and challenges within developing economies has led to the invention of Anti-Money Laundering (AML) Transaction Validation Model within this research paper, which amounts to a cybernetics scientific solution to measure the outcome's effectiveness of the regimes of money laundering in the global jurisdictions and transitional economies in particular.

In summary, the rational choice theory of a crime explicated the rationale behind the illicit economic order of the offenders of organised crime in Nigeria. The VAT

concepts explain the business opportunities decision modelling of the organised crime offenders in Nigeria while exploring crime opportunities as an 'alternative' to the scarce and limited legitimate social-economic opportunities in Third World countries and Nigeria in particular. The anti-money laundering framework initiatives and recommendations revealed the standards to combat illicit financial flows emanating from transactions of organised crime businesses. Notwithstanding the existence of these standards, the implementation of these recommendations (soft-law) witnessed many criticisms, therefore limiting the scope of achieving effectiveness of the anti-money laundering regimes within the global states and more importantly transitional economies. It is in the light of these criticisms, that this research paper suggested Anti-Money Laundering (AML) Transaction Validation Model as a scientific model to help monitor the transactions of organised crime offenders in the global jurisdictions and developing economies importantly.

#### 9.2.5 Perspective of Concealment of Organised Crime Financial Flows

Chapter 6 examined a number of case studies which illustrated how organised crime financial flows are conducted in a complex 'web' of transactions within the global jurisdictions, West Africa and Nigeria. The case studies focused on the illicit financial flows that are generated from drug trafficking, human trafficking and advance fee fraud (AFF). In all, 10 typological case studies were explored to reveal the nature of organised crime financial flows in Nigeria and West Africa. The typology study of money laundering means the methods and classifications of how illicit financial flows are being concealed by the offenders. These typology studies emanated from the Financial Action Task Force (FATF) and that of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). The findings of the case studies revealed some general indicators, specific techniques and mechanisms used by organised crime offenders in Nigeria and West Africa when legitimising the proceeds of crime through/from the global North and the global South.

The general red flag indicators revealed by the case studies are: displacement of legal framework; misuse of cash transactions; misuse of financial institutions; misuse of money service businesses (MSBs); misuse of agents, intermediary third parties and associates; illicit Investments in real estate, and misuse of trade-based transactions.

Also, some certain indicators were specific to the operation of each type of organised crime businesses in Nigeria. For instance, the drug traffickers used trade-based money laundering techniques more than human traffickers and advance fee fraud (AFF) cyber offenders. This method is preferred as it provides cover for commodities of illicit trading. Whilst the drug trafficker used more trade-based money laundering techniques, the traffickers in human beings explored informal and alternative payment systems through non-financial institutions, such as *hawala* payment systems. Even though drug traffickers and human traffickers often invested in different types of illicit commodities, the locations of their illicit commodities are tagged as high risk jurisdictions within the global communities. The AFF cybercriminals do not need to invest in any illicit commodities in the globalisation of crime but they rather exploit the greed of a potential victim or used ICT software to steal the identity or the financial information of a potential victim that are located through the global web. Therefore, the illicit financial flows of AFF cybercriminals attract both low and high-risk jurisdictions without offering any illicit goods or services in return to their victims in the globalisation of crime.

The performance statistics of the specialised agencies combating the criminal business model of organised crime in Nigeria, revealed that many successes were recorded in the convictions rate of drug traffickers by the National Drug Law Enforcement Agency (NDLEA) as a result of its robust National Drug Control Master Plan. Also, the National Agency for Prohibition of Traffic in Persons and Other Related Matters (NAPTIP) embarked on a community awareness programme to prevent potential victims in Nigeria from being trafficked by the offenders in human trafficking. Additionally, the combination of strategies (intelligence gathering, enforcement, destruction of criminal business model, prevention and engagement with Stakeholders) employed by Economic and Financial Crimes Commission (EFCC) helped to achieve confiscation of monetary currencies totalling US\$ 3,499,760,572.00 from 2003 to March 2013 in Nigeria (See Table 6.7). This was higher than the estimated GDP of Liberia in 2014.

Nevertheless, the complexities of organised crime financial flows overwhelmed the competent authorities combating the criminal business model in Nigeria. The successes of the counter-measures and local initiatives to combat the criminal business model and its financial flows in Nigeria are not indicative that organised criminal activities are reducing in the country (see Table 6.2). The offenders would



always seek better strategies that are not yet known to the law enforcement agencies to circumvent criminal justice systems in any global jurisdictions. The lack of good governance and social welfare system for Nigerian citizens accounted for this to a larger degree.

#### 9.2.6 Impediments Affecting the Success of Anti-Money Laundering Regime in Developing Economy

Chapter 7 investigated the impediments militating success of anti-money laundering regimes in developing economies and Nigeria in particular. The findings of these impediments are classified into four broader categories. The first category is the political impediments, it was argued that the lack of political will and good governance to combat crime in Nigeria made the regime of anti-money laundering vulnerable to the organised crime groups operating in Nigeria. The political leaders in Nigeria 'blindfold' their eyes to crime to maximize illicit enrichment from corruption, thereby giving cover for all other serious crime in Nigeria. In the same vein, refusing to grant operational autonomy to the Nigerian Financial Intelligence Unit (NFIU) by the political leaders militate against the success of anti-money laundering in Nigeria.

The second obstruction to a successful AML regime explored the operational and social impediments that stand in the way of a successful anti-money laundering regime in Nigeria. The operational deficit in the fight against illicit flows of organised crime witnessed customer due diligence bottlenecks. Thus, the lack of unique customer identification, a robust addressing systems and effective land registry framework to identify and locate organised crime offenders and their ill-gotten assets provide cover for criminal networks' identities and their illicit assets following the commission of crime in Nigeria. In order to achieve a robust identification system in Nigeria, the regulators and the reporting institutions agreed to use international passports, driving licence and National ID card as means of conducting transactions in financial institutions (FIs) and non-financial institutions in Nigeria. Therefore, customers without these required means of identifications were excluded from opening bank accounts in Nigeria before 2015. This accounted for proliferation of identification documents in Nigeria which the organised crime offenders took advantage and profited from, while the common citizen experienced deficits in social injustice and financial inclusion.

Additionally, the law enforcement's operational environments experienced numerous challenges in Nigeria. Also, the law enforcement agencies in Nigeria were sometimes not in accord with the compliance officers of the reporting institutions that coordinate the mandatory report of suspicious transactions used to monitor illicit financial flows of organised crime and other related serious crime within global jurisdictions and Nigeria particularly. Another impediment revealed that organised crime offenders in Nigeria were recidivist. Therefore, criminal networks will always continue their crime after serving jail terms following convictions for their offences. One of the secrets behind their recidivism is the greater opportunities that seemingly exist in social network of organised crime system. After all, offenders would get smarter on how to structure their proceeds of crime after being deprived of them. They can also use their social network frameworks to procure illicit commodities (i.e. drugs) in credit from their producers or from the network actors located in the producing countries. This social network framework of OCGs provides 'goodwill asset' (the invisible and intangible asset that cannot be confiscated by the global states from offenders) to continue criminal activity after serving jail terms for their numerous offences.

The next impediments were grouped under economic impediments. The third impediment illustrated how the cash-based and parallel economies of the developing countries further jeopardized the success of the anti-money laundering regime in Nigeria. This is not to say that cash based and parallel economy is an illicit practice in developing economies. On the contrary the vulnerability of this system of economy enable organised crime groups to further shield away illicit proceeds of all crime from the global criminal justice system.

Also, the free cross-border movement of people, goods and cash in most developing economies of the West African regime facilitates the illicit movement of the organised crime commodities and proceeds of crime. Additionally, the struggle to achieve high liquidity ratio (the financial ratio that determines a bank ability to pay off its short-term debt obligations) by many banks in developing economies, including Nigeria resulted in the practice of relationship banking and the use of account officers to attract high profitability and liquidity ratio. Therefore in the absence of a legitimate source of liquidity ratio, the relationship/account officers operating within the organised crime social networks may bring in illicit funds from the criminal networks to legitimise them in the financial systems of developing and transitional economies in particular (Text Box 7.1 in Chapter 7).

The fourth impediment uncovered the deficits in the legal systems within the global states. The displacement in jurisdictional laws revealed how reoffenders from a country with stringent laws to curb organised crime and financial flows will relocate to a jurisdiction with lax and weak laws in the global states. Also, the ineffective criminal justice systems in most developing economies, including Nigeria represent the greater legal impediment facing the fight against organised criminal groups and money laundering in developing economies.

It will be outside the remits of this thesis to discuss the strategic impediments facing the success of warring 'war' on organised crime financial flows within developing economies without making efforts in proffering potential solutions. Therefore, possible policy implications are submitted in Chapter 7 of this thesis.

Thus, the impediments jeopardising the success against organised crime and other related serious crime financial flows in developing economies have a devastating effect. Consequently, the research paper offered some policy suggestions to help mitigate these impediments in developing countries. Nevertheless, the dynamics and the phenomena of organised crime business model are conducted with ingenious strategies within the global states. Therefore, staying in control of the menace and the threats originating from the organised criminal activities would require periodic review of the global initiatives, standards and strategies deployed by the standard setters to combat organised crime and its financial flows in developing and evolving economies.

#### 9.2.7 The collaboration Impact of the Anti-Money Laundering Data and Intelligence Reports to Combat Proceeds of Organised Crime Groups in Nigeria

Chapter 8 scrutinised anti-money laundering (AML) data and intelligence reports shared by the Nigerian Financial Intelligence Unit (NFIU) to combat the illicit profits of organised crime in Nigeria. In this chapter, the role of the NFIU in curbing organised crime financial flows was examined. The study illustrated with Figure 8.1, how the NFIU fulfilled its intermediary role between the reporting institutions of the Nigeria AML regime and the users of the intelligence reports developed from the Currency Transactions Reports (CTRs), the Suspicious Transaction Reports (STRs) and Currencies Declaration Reports (CDRs) in Nigeria.

The study further likened the impediment militating against the successful AML regime in Nigeria to the lack of robust statutory AML data assurance. The thematic findings of Chapter 8 revealed that the quality of intelligence reports disseminated by the NFIU was greatly affected by the poor quality of the AML statutory data reported by the reporting institutions in Nigeria. The lack of quality assurance of the AML data in Nigeria has a direct link to the political, social, economic and legal impediments discussed in Chapter 7. For instance, a report from a reporting institution that excluded key customer identification requirements will not be validated in the NFIU analytical solution that generates the intelligence reports for the specialised agencies curbing organised crime in Nigeria. Also, the reporting institutions collaborating with organised crime networks often failed to report transactions of their suspicious customers to NFIU as a result of similarity in the objective of profit maximization that exists within both legitimate and illegitimate organisations. Therefore, the NFIU has to conduct on-site examinations at the head-offices of the reporting institutions, in order to sample weekly transactions emanating from the reporting entities to discover unreported suspicious transactions that were not reported by those institutions in enhancing meaningful intelligence reports for onward transmission to the competent authorities (CAs) in Nigeria.

Additionally, the data structure of the Nigeria AML statutory data is very deficient as not all the required reporting institutions listed under the Nigerian AML regime contribute to it. At the moment, the Nigerian banks are over-regulated and little successes on the money trails and intelligence reports of the organised crime groups in Nigeria were accounted for through the substandard STRs generated by the banks to the NFIU. The insurance institutions, other financial institutions and designated non-financial institutions in Nigeria are currently under-regulated. Therefore, the criminal transactions in Nigeria may likely be displaced into these under-regulated reporting institutions.

The research paper also revealed that the statutory AML data from the private reporting institutions (financial institution and non-financial institutions) to the NFIU had accounted for a less significant success of the Nigeria AML regime in fighting illicit financial flows generated from organised crime groups in Nigeria. On the other hand, the statutory AML data submitted by the Nigerian Customs Service, the currencies declaration reports (CDRs) to the NFIU had generated significant collaboration efforts between Nigeria, United States of America and Netherlands

in Europe. The findings of the strategic analysis of CDRs from Nigeria to these two countries revealed that some Nigerian travellers under-declared currencies when embarking to these countries and declared higher amounts of currencies in their possession when landing in these destination countries. This is an indication that offender would take advantage of lax law in any jurisdiction to circumvent the currencies declaration regime of that country.

Of particular importance, the CDRs' analyses suggested a new trend of currency flows from Nigeria to Asia and China attracted higher currencies inflows from Nigeria than any European state. This new trend required Nigeria to embark on a strategic approach to monitor the legitimacy of these inflows out of Nigeria to China. Two strategic benefits are available to Nigeria with respect to the analysis of CDRs outflows from Nigeria. Firstly, Nigeria can use the strategic intelligence of CDRs to lobby for international trade advantages within the global communities. Secondly, Nigeria can sign a memorandum of understanding with China and other related countries of the world in order to help combat illicit proceeds of crime evidenced by these outflows of CDRs from Nigeria.

Notwithstanding the international collaboration of the strategic intelligence of the Nigerian CDRs with US and Netherlands, Chapter 8 revealed that the proactive and reactive intelligence disseminated by the NFIU locally among the national AML collaborators were disproportionate and dissuasive to curb illicit financial flows originating from organised crime activities in Nigeria (Tables 8.7 and 8.8).

This study also went further to compare the AML statutory data of Nigeria with that of Ghana, the findings suggested that the Ghana AML statutory data is more robust than that of Nigeria. The evidence of these findings is illustrated in Table 8.9 where the Ghana Financial Intelligence Centre (GFIC) disseminated 254 intelligence reports from its limited amount of AML statutory reports of 375 in 2012 whilst the Nigeria FIU accounted for limited number of 212 intelligence reports generated from its larger pull of 2,828 AML statutory reports in the same year. Additionally, the disseminated intelligence reports of the GFIC were linked to convictions and confiscations of the offenders and their properties in Ghana but the Nigerian FIU failed to link its disseminated intelligence to convictions and confiscations of the organised crime groups and their illicit assets in Nigeria in 2012 (Table 8.8).

Therefore, the lack of integrity assurance of the statutory AML data and disseminated intelligence by the NFIU to the competent authorities and agencies combating organised crime and illicit financial flows in Nigeria, limited the impact of the anti-money laundering regime in the country. The integrity of the anti-money laundering statutory reports in Nigeria is 'over-shadowed' by numerous impediments highlighted in Chapter 7 of this thesis. This called for some thoughts on the future effectiveness of the Nigeria AML regime in general. Thus in order to enhance the integrity of intelligence reports required to combat illicit flows of all sorts in Nigeria, this chapter suggested some possible recommendations as the thoughts for future, in addition to policy implication submitted in Chapter 7.

### **9.3 Conclusion on Central Thesis**

The term 'organised crime' (OC) derives its definition from one of the models of crime first operated by Mafia syndicates, 'the organisational theory', as the dynamics and characteristics of organised crime concepts evolved during the era of globalisation of crime. This model was very structured and hierarchical in nature and did not provide protection for the criminal associations that were profiting from illicit trading in commodities, human trafficking and 'greed' or deception within the global states. This era demonstrated the structure and operation of organised crime groups (OCGs) to the global criminal justice systems for their prosecutions. Consequently, OCGs abandoned the organisational model and explored the social networks and systems of criminal associations. Furthermore, the social networks and systems of crime provided the contemporary cover to the organised criminal groups by operating as loose and fluid criminal networks to shield and maximise illicit profits of crime while interacting with the crime facilitators to fill the gaps that exist in the organisations of crime. These systems enhanced the symbiotic relationship between the criminal actors and private/public states actors. Thus, the contemporary changes in organised crime resulted in a conceptualisation problem in criminology and created a dilemma in the measurement of organised crime threats. Therefore, it must be questioned whether the global estimates and parameters which measure organised crime threats and money laundering, accurately account for the illicit enrichment gained by the state actors from their symbiotic relationship with organised crime social networks and systems.

Organised crime in Nigeria has its historical origins in the post-slave trades during the 1870s, when trafficking of African, including Nigerian people, by African slave

traders and their associates in Europe to support the Industrial Revolution of the 19<sup>th</sup> century. So, the first organised crime in Nigeria was the trading of human beings which continued after the ban of slavery in Africa by Europe and United States. The second wave of organised crime in Nigeria was the drug trafficking from West Africa and Nigeria to the global North (i.e. Europe and United States) that was recorded in the US in 1952. The final and perhaps the most prominent organised crime phenomenon in Nigeria is the advance fee fraud (AFF) cybercrime related which became prominent during the second Republic of 1979-1983.

The contemporary successes in the trading of organised crime commodities from West Africa, and Nigeria in particular, could be traced to Europe where most West African states attained their political independences from. Hence, the supplies of illicit commodities from Nigeria were linked to the illicit markets located in the global North in Europe where higher prices of those commodities exist as compared with that of local street markets located in Nigeria. The conduct of OCGs transactions and criminal activities present huge global challenges which inhibit national, regional and global developments.

A string of global initiatives, standards and recommendations were introduced in order to counter organised crime threats and money laundering globally particularly with Nigeria being one of the focal points. Notwithstanding this, the consideration of the criminal business model and illustrations of illicit supply and demand markets of organised crime commodities and transactions helped to comprehend the complex roles and the schemes of the 'Nigerian' offenders in the globalisation of crime from/through the global South to the global North. Likewise, the nature of illicit financial flows of organised crime in Nigeria illustrated relevant indicators and red flags to help monitor complex transactions of the OC offenders within the global jurisdictions. Thus the impediments and risks associated with the implementations of the anti-money laundering regimes in developing and transitional economies, such as Nigeria are overwhelming. These impediments are associated with political, social, economic and legal imbalances with respect to developing countries and impacts negatively on the quality of the anti-money laundering statutory data and the integrity of intelligence reports to counter illicit financial flows of organised crime in Nigeria.

It is evident that no single initiative or recommendation will offer an entire solution to combat the illicit financial flows that originate from organised criminal activities in developing economies and Nigeria in particular. The roles and strategies of competent authorities in Nigeria illustrated that the successes of the local initiatives and strategies to counter organised criminal activities in the country are not self-evident that organised crime threats are reducing. Each initiative always comes with its own limitations even though they offer potential benefits to counter organised crime and money laundering. However, organised crime offenders will always take advantage of these limitations to continue crimes and displace the priority of criminal justice systems to ensure justice and equity in the global states. Therefore, the combination of strategies will require the global standard setters to encourage implementing countries to take initiatives suitable to their own circumstances in combating crime rather than compelling ratifications of international initiatives and recommendations (soft laws). After all there is no known existing cost benefit analysis by the standard setters on the regimes of money laundering existing in developing and transitional economies.

The combination of control and strategies submitted in this thesis revealed policy implications, and some thoughts on a future and scientific model (**Anti Money Laundering Transaction Validation Model**) to combat organised crime financial flows in developing and transitional economies like Nigeria.

Finally, there exist a number of International Conventions, Initiatives and Recommendations to combat organised crime and money laundering in developing countries in general and Nigeria in particular.

Nonetheless, these international instruments (soft-laws) are not very compatible to combat illicit proceeds of organised crime in developing countries due to the impediments discussed in the implementations of these standards and initiatives. This means that organised crime and its financial flows cannot be combated effectively by international, regional and national initiatives and instruments alone. The implementation strategy to combat crime may require a new body of knowledge, i.e. 'Social and Criminal Justice Informatics Study', a scientific and informatics study to build systems around criminal business model within the global jurisdictions.



## **Appendices**

## Appendix A

### Sample Interview Questions and Research Instruments

- What challenges are currently faced by your agency due to changes in the nature of organised criminal offenders' operations in Nigeria?
- What new methods are adopted by your agency to tackle these challenges?
- How does your agency collaborate with other agencies in the fight against the organised crime group's offenders?
- What international collaboration do you experience in your agency while curbing organised crime problems in Nigeria?
- What are the remarkable successes achieved by your agency in the fight against organised crime offenders in Nigeria?
- What is the role of the Financial Intelligence Unit (FIU) in curbing illicit financial flows in the country?
- Which agencies are involved in the control of the illicit financial flows that are attached to drug trafficking, Advance Fee fraud (AFF) also known as Internet fraud in many countries?
- What trends of illicit financial flows are observed in recent times?
- What financial methods are used, in these emerging trends and how are they monitored?
- Who are the main actors frequently identified as behind the smuggling of currencies and other valuables within Nigeria's borders?
- Which currency declaration (this is a method of declaring currencies and cash at airport or other points of entry to any country) regime is available to flag the illicit cash movement of the OC offenders through Nigerian borders?
- How is the declaration form administered within Nigerian borders?
- How are the intelligence information gathered from the currency declaration reports of the organised crime offenders shared amongst other law enforcement agencies (LEAs) in Nigeria?



UNIVERSITY OF LEEDS

**Transnational Organised Crime and Illicit Financial Flows:  
Nigeria, West Africa and the Global North**

Ref: Invitation for an interview for a research project on transnational  
organised crime and illicit financial flows

Dear .....

Let me first introduce myself. My name is Emmanuel Sotande. I am presently a research student at the University of Leeds, United Kingdom. Before I came to Leeds for my PhD, I worked for the Economic and Financial Crime Commission (EFCC) in Nigeria. Presently, I am therefore acting under the remit of the University of Leeds and its Law School.

I would like to invite you as an expert in this field to take part in my research project. I am asking you to grant me an interview, which will last up to an hour. Topics will focus on your work in your organisation in the area of my research. The interview will be conducted in your office or an alternative place can be arranged at your request. Our discussion will be confidential, as detailed below. There is only one exception to the confidentiality of our discussion: In case that during the interview actions are revealed that might cause harm to others the researcher will be obliged to report such actions to the authorities.

Worldwide, organized crime is considered a major threat to global development. It undermines social cultural, economic and democratic development in many countries. My study will investigate the routes, instruments and mechanisms of the financial flows of Nigerian transnational organised crime groups in the UK and Europe, in Nigeria itself and the West African region. This research will focus on the most prominent and presumably pervasive forms of organised criminal activity in Nigeria: Drug trafficking, Advance Fee Fraud, and Human trafficking.

My research aims at answering the following questions: What types of financial flows are linked to the mode of operation of each type of organised crime, and how is the movement of funds organised and executed between North and South, within the region and in Nigeria itself? How are these flows linked, which main actors are involved in different types of financial transactions? Which national, regional and, international instruments are currently used in Nigeria to intercept these financial flows and transactions of the Nigerian TOC? How are these implemented? How do different agencies cooperate in the monitoring and interception of the financial flows of organized crime groups in Nigeria, West African region, the UK and European States?

Given your role in your organisation, your expert experience and opinion on the activities that are related to the financial flows of transnational organised crime in Nigeria, the West African region, are most important to this research. Other experts contacted work e.g. at the Economic and Financial Crimes Commission (EFCC); Nigerian Financial Intelligence Unit (NFIU); Nigerian Drug Law Enforcement Agency (NDLEA); National Agency for the Prohibition of Traffic in Persons and Other Related Matters, (NAPTIP); The Nigeria Customs Service (NCS); or The Central Bank of Nigeria (CBN). In addition, I invite experts from the Committee of Chief Compliance Officers of Banks in Nigeria and Representatives of Other Financial Institutions (OFIs). The international interviewees will include officers of the Serious Organised Crime Agency in the UK; The European law enforcement agency (EUROPOL), and The European Union's Judicial Cooperation Unit (EUROJUST).

I will feedback the results of the study to you and your organisation as well as the other local and international agencies which are named above.

Throughout the research process your identity will be protected. This will be done in the following way:

*1. Interview and report from interview*

All of the information you give in the discussion/ interview is CONFIDENTIAL. The interview will not be Audio recorded and the interview site will be kept secret. I will only take hand-written notes during the interview. After the interview, I will write a detailed report of our discussion in Nigeria, which will be stored as an electronic file on my laptop and on a memory stick. In this electronic file, your name and organisation will be substituted by codes. Separately, I will store a code list (as an electronic file), which represents your name and the name of your organisation. In the report of the interview, all details that can identify you and your organisation will be fully anonymised. Only I and my two supervisors will have access to the anonymised reports. The hand-written notes will be destroyed after the report has been written, i.e. in Nigeria. Your personal contact details (personal email, personal mobile phone number) will also be destroyed after the report has been finished.

In case that during the interview actions are revealed that might cause harm to others the researcher will be obliged to report such actions to the authorities.

*2. Safe storage and transport*

Your consent form will be stored safely under lock and key in Nigeria. On return to the UK, they will be stored under lock and key in facilities of Leeds University. They will be transported to the UK in the personal hand luggage of the researcher. After the research is completed, your consent forms will be destroyed.

Electronic files of the reports will be stored on my password protected laptop in Nigeria and transported on my password protected laptop and password protected memory stick. In the UK, it will be stored password-protected on the Leeds University computer, as well as on my laptop and my memory stick. All data will be encrypted on all data storage devices and throughout transport.

The code list, which includes your name and organisations will be stored separately as an electronic file and will be password protected. It will be stored in Nigeria and transported in the same way as the reports of the interviews, but separately. The code list will also be encrypted on all data storage devices and throughout transport.

### 3. Publications

In all publications of the research your real name or any other information that can disclose your identity will never be used, like e.g. your position. However, the name of your or other organisations will be used in the research. I am seeking your consent to use representations of our discussion/ interview in these materials. I offer you two options: either you can give me the permission to use these without seeing them in advance, or you will give such permission after you have seen the representations that are used, and prior to their publication .

Once you have agreed to participate, you will be asked to sign a Consent Form to say:

- You have read the information about the project
- You have had the opportunity to ask the researcher any questions
- You understand that you can withdraw from your participation prior and during the interview at any time, and up and up to one month after the interview without giving reasons. You understand in that in this case all notes and records of the contact and interview will be deleted.
- You accept and understand the measures to be used to ensure your confidentiality, and protect your identity
- You give permission to use some representations of the discussion/ interview in publications from the research as outlined above.

I very much hope that you will participate and give consent to being interviewed. You can withdraw from the interview at any time without any prejudice.

If you have any more questions after the interview discussion, please feel free to ask me at the end or, alternatively, contact me as soon as possible.

### **Sotande Emmanuel**

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Nigeria Contact No.: +234 (0) 8054947421

Consent to take part in a study on Transnational Organised Crime and Illicit Financial Flows:  
Nigeria, the West Africa and the Global North

	Add your initials next to the statements you agree with
I confirm that I have read and understand the information sheet dated..... 2012 explaining the above research project and I have had the opportunity to ask questions about the project.	
I understand that my participation is voluntary and that should I not wish to answer any particular question or questions, I am free to decline. In addition, I am free to grant or remove my permission for this at any time prior to and during the interview, and up to one month after the interview without giving reasons. I understand in that in this case all notes and records of the contact and interview will be deleted.	
I understand that if, during the interview, actions are revealed that might cause harm to others, the researcher will be obliged to report such actions to the authorities.	
I give permission for Emmanuel Sotande to have access to all of my responses, whether identifiable or anonymised. I understand that only Emmanuel Sotande will have access to my identifiable responses. I understand that my name will not be linked with the research materials, and I will not be identified or identifiable in the research material after anonymisation, or any published reports and other publications that may result from the research. I understand that Emmanuel Sotande will share anonymised material with his supervisors at the University of Leeds, but not my identifiable responses. I understand that the anonymised reports will be kept separately from any information that can identify me. I understand that in publications the name of my organisation and other organisations will be used.	
I agree for the data collected from me to be used in future publication and research.	
<ul style="list-style-type: none"> <li>• I agree that representations of the information that I have given during the interview are included in publications by Emmanuel Sotande and his co-authors</li> </ul> OR	
<ul style="list-style-type: none"> <li>• Before representations of the information I have provided are utilised in research publications I wish to have the opportunity to review them in their direct context.</li> </ul>	
I agree to take part in the above research.	
I agree that Emmanuel Sotande takes notes during the interview and writes a report on the interview which is used only for the research and publication, and which is fully anonymised. The hand-written notes will be destroyed after the report has been finished.	

Name of participant	
Participant's signature	
Date	
Name of lead researcher	Emmanuel Sotande
Signature	
Date*	

\*To be signed and dated in the presence of the participant.

Once this has been signed by all parties the participant should receive a copy of the signed and dated participant consent form, the letter/ pre-written script/ information sheet and any other written information provided to the participants. A copy of the signed and dated consent form should be kept with the project's main documents which must be kept in a secure location.

Performance, Governance and Operations  
 Research & Innovation Service  
 Charles Thackrah Building  
 101 Clarendon Road  
 Leeds LS2 9LJ Tel: 0113 343 4873  
 Email: [j.m.blaikie@leeds.ac.uk](mailto:j.m.blaikie@leeds.ac.uk)



**UNIVERSITY OF LEEDS**

Emmanuel Sotande  
 School of Law  
 University of Leeds  
 Leeds, LS2 9JT

**AREA Faculty Research Ethics Committee  
 University of Leeds**

Dear Emmanuel

**Title of study:** Transnational Organised Crime and Illicit Financial Flows:  
 Nigeria, the West Africa and the Global North  
**Ethics reference:** AREA 11-198 response 1

I am pleased to inform you that the above research application has been reviewed by the ESSL, Environment and LUBS (AREA) Faculty Research Ethics Committee and following receipt of your responses to the Committee's comments, I can confirm a favourable ethical opinion as of the date of this letter. The following documentation was considered:

Document	Version	Date
AREA_11-198_Committee_Provisional_2_response_14_August_2012[1].docx	1	14/08/12
AREA 11-198 Information_Sheet__Emmanuel_rev_14_August_2012[1].docx	1	14/08/12
AREA 11-198 consent_form_revised_14_August_2012[1].docx	1	14/08/12
AREA 11-198 Committee Provisional response 30 July 2012.docx	1	02/08/12
AREA 11-198 Ethical_Review_Form 16 July 2012.docx	1	17/07/12
AREA 11-198 ESSL Fieldwork Risk Assessment 2 August 2012.docx	1	02/08/12
AREA 11-198 Information_Sheet__Emmanuel_rev 30 July 2012.docx	1	02/08/12
AREA 11-198 consent_form revised 30 July 2012.docx	1	02/08/12
AREA 11-198 Buddy_Form__Emmanuel Feild work.docx	1	17/07/12

Please notify the committee if you intend to make any amendments to the original research as submitted at date of this approval, including changes to recruitment methodology. All changes must receive ethical approval prior to implementation. The amendment form is available at [www.leeds.ac.uk/ethics](http://www.leeds.ac.uk/ethics).

Please note: You are expected to keep a record of all your approved documentation, as well as documents such as sample consent forms, and other documents relating to the study. This should be kept in your study file, which should be readily available for audit purposes. You will be given a two week notice period if your project is to be audited.

Yours sincerely

Jennifer Blaikie  
 Senior Research Ethics Administrator, Research & Innovation Service  
 On behalf of Prof Anthea Hucklesby  
 Chair, [AREA Faculty Research Ethics Committee](#)  
 CC: Student's supervisor(s)

## **Appendix B**

### **The List of General Red Flag indicators of Organised Crime Groups in Nigeria**

#### *Displacement in Legal Framework or Law Related*

- i. Explores weak legal framework to launder proceeds of crime causing displacement in the system;
- ii. Conducting Transactions to evade regulation;
- iii. Explores the Informal sector, which include; the informal remittance system of payment, 'black' market currencies operation (informal currency exchange) and acquisition of valuable assets through informal and unregulated sectors.

#### *Misuse of Cash Transactions*

- i. Cross border bulk cash movement are preferred to the transfer of funds through financial institutions;
- ii. Cash revenues from cash intensive businesses are diluted with proceeds of crime;
- iii. Unjustified large volumes of cash turnover as compared with the industry standard;
- iv. Large volumes of cash exchange operations;
- v. Inconsistent use of cash as a store for value currency while preferring foreign currencies against the local currency;
- vi. Customer preferring to conduct transactions with cash instead of non-cash instruments, to achieve anonymity and ambiguity when tracing the money trail;
- vii. Unjustified use of cash to acquire valuable real estate and other luxury goods, while abusing the cash based economy.

*Misuse of Transactions through Financial Institutions*

- i. Opening of bank accounts using documentation containing fictitious names and addresses;
- ii. Agents of the beneficial owners of funds make false claims of loss of account opening documents of their principal (real beneficial owners) ;
- iii. Conducting transactions in banks using multiple accounts with different names and multiple identities;
- iv. Transactions involving large volumes of cash are carried out in banks but do not match the expected financial income of the account owners when their business profiles are taken into consideration;
- v. Multiple transactions involving payments and withdrawals of funds are structured below the regulatory threshold, preventing the transactions from qualifying for currency transaction reports (CTRs) or suspicious transaction reports (STRs);
- vi. Change in a customer's business profile and practice;
- vii. Unjustified large cash deposits which is inconsistent with the business profile of the customer;
- viii. Deposits of large cash or transfers followed by domestic wire transfers or further cash withdrawals;
- ix. Transactions involving bank draft for the purchase of valuable properties and assets;
- x. Transfer activities involving funds are inconsistent with the line of business of the account holders;
- xi. Transfers of funds to fictitious accounts and high risk jurisdictions;
- xii. Transfers of proceeds of crime through third party bank accounts;
- xiii. Electronic fund transfers received from abroad may be requested to be transferred to beneficiaries' accounts in another jurisdiction.

*Misuse of Transactions through Money Service Businesses (MSBs)*

- i. Transmission of funds through MSBs using fictitious names and addresses;
- ii. Multiple transfers of funds to associates and family members using MSBs;
- iii. Small funds sent with high frequency to unconnected recipients;
- iv. Transactions were conducted with the use of common addresses;



- v. Transfers of funds to high risk jurisdictions;
- vi. Transfers of repetitive funds below the threshold;
- vii. Transfer of funds from different regions to the same persons, and;
- viii. Transfer of funds from the sender to the recipient with the same name (same beneficiaries).

*Abuse of Transaction through Agents, Intermediary third party and Associates*

- i. The use of cash couriers for payments and repatriation of proceeds of crime to the country of origin;
- ii. Associates are used to launder the proceeds of crime within the financial institutions, MSBs and real estate sector when conducting cash transactions;
- iii. Intermediary third parties and agents are used as vehicles to launder proceeds of crime through investments in valuable assets;
- iv. The use of vulnerable trafficked persons to conduct transactions, and;
- v. Using an unqualified minor to open an account.

*Illicit Investment in Real Estate*

- i. Purchase of properties in a family member's name;
- ii. Purchase of properties using bank draft as against personal cheques and/or direct transfers of fund from personal accounts;
- iii. Use of bulk cash payment for acquisition of real estate and properties;
- iv. Preferring to buy landed property with foreign currencies as against the local currency; and
- v. Buying of real estate under the cover of the lawyers or other professionals when acting as trust nominees.

*Abuse of Trade Based Transactions*

- i. Transfers of funds abroad in excess of the required financial obligation for international trade;
- ii. Unjustified discrepancies on the trade invoice with description in the value of goods on the bill of lading;
- iii. High discrepancy noticed between the description of the commodity on bill of lading and the actual goods shipped;
- iv. Shipment of commodity to/or from a high risk jurisdiction for money laundering purposes;
- v. Trans-shipments of goods through one or more jurisdictions without justifiable economic reasons;
- vi. The size of the shipment appears unjustifiable with industry standard for a particular exporter or importer's business activities;
- vii. Shipment of commodity that lack economic sense, for instance, transportation of false ceiling empty container concealed with cocaine back to the 'exporter';
- viii. Misrepresentation of the quality and/or type of commodities imported or exported;
- ix. Packaging appears unjustifiable with the commodity in relation to shipment standards;
- x. The shipped commodity lacks consistency with the exporter or importer's normal business activities;
- xi. The use of front or shell companies for international trade;
- xii. Transactions with repeated amendments or with high frequency extension of letter of credit;
- xiii. The method of payment appears unjustifiable compared to the risk associated with the business transactions.

### Appendix C

#### Highest possible punishment available for drug trafficking offences for the different types of drugs trafficked in West Africa

Country	Cannabis	Cocaine	Heroin	ATS/ Psychotropic	Others (specify)	Conspiracy
<b>Nigeria</b>	25 yrs	25 yrs	25 yrs	25 yrs		25 yrs
<b>Benin</b>	20 yrs+ CFA500,000	20 yrs+ CFA500,000 to	20 yrs+ CFA500,000	20 yrs+ CFA500,000	20 yrs+ CFA500,000	20 yrs+ CFA500,000 to 5,000,000
<b>Burkina Faso</b>	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs
<b>Cape Verde</b>	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs	25 yrs
<b>Gambia</b>	4kg one million & 10 years	1gr not less than 1 million & 10 years imprisonment	1gr not less than 1 million & 10 years imprisonment	250000 Dalasis & five years imprisonment		Same as Principal offence
<b>Ghana</b>	Not less than 10 years	Not less than 10 years	Not less than 10 years	Not less than 10 years	Not less than 10 years	Not less than 10 years
<b>Guinea Bissau</b>	15 years	15 years	15 years	15 years	15 years	15 years
<b>Liberia</b>	Not specified in the law	Not specified in the law	Not specified in the law	Not specified in the law	Not specified in the law	Not specified in the law
<b>Mali</b>	10 yrs	10 yrs	10 yrs	10 yrs	10 yrs	10 yrs
<b>Sierra Leone</b>	20 years + 25 million	20 years + 25 million	20 years + 25 million	20 years + 25 million	20 years + 25 million	20 years + 25 million
<b>Togo</b>	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs	20 yrs

Source: GIABA, 2010

### Appendix D

#### Rescued Victims of Human Trafficking in Nigeria 2012 – 2013

Rescued victims	2013		2012		Variance
	No.	%	No.	%	
External trafficking for sexual exploitation	186	19.3	226	30.2	-40.0
Internal trafficking for sexual exploitation	58	6.0	55	7.3	+3.0
External trafficking for labour exploitation	25	2.6	39	5.2	-14.0
Internal trafficking for labour exploitation	96	10.0	53	7.1	+43.0
Nigerians deported as illegal migrants	21	2.2	14	1.9	+7.0
Child labour	212	22.0	205	27.4	+7.0
Child abuse	37	3.8	60	8.0	-23.0
Child abduction from guardianship	8	0.8	4	0.5	+4.0
Forced marriage	3	0.3	0	0.0	+3.0
Rape/sexual abuse	4	0.4	16	2.1	-12.0
Others	314	32.6	77	10.3	+237.0
<b>Total</b>	<b>964</b>	<b>100.0</b>	<b>749</b>	<b>100.0</b>	

**Data of Rescued victims of human trafficking by states of origin in Nigeria  
2012-2013**

S/N	State of Origin	2013		2012		Variance	S/N	State of Origin	2013		2012		Variance
		No.	%	No.	%				No.	%	No.	%	
1.	Abia	16	2.0	46	7.1	-5.1	20.	Kano	148	18.0	59	9.1	+8.9
2.	Adamawa	1	0.1	1	0.2	-0.1	21.	Katsina	27	3.3	3	0.5	+2.8
3.	Akwa Ibom	1	0.1	29	4.5	-4.4	22.	Kebbi	26	3.2	1	0.2	+3.0
4.	Anambra	36	4.4	20	3.1	+1.3	23.	Kogi	2	0.2	2	0.3	-0.1
5.	Bauchi	4	0.5	3	0.5	0.0	24.	Kwara	2	0.2	4	0.6	-0.4
6.	Bayelsa	2	0.2	6	0.9	-0.7	25.	Lagos	10	1.2	29	4.5	-3.3
7.	Benue	21	2.6	47	7.2	-4.6	26.	Nassarawa	3	0.4	7	1.1	-0.7
8.	Borno	12	1.5	15	2.3	-0.8	27.	Niger	4	0.5	12	1.8	-1.3
9.	Cross River	23	2.8	7	1.1	+1.7	28.	Ogun	22	2.7	13	2.0	+0.7
10.	Delta	36	4.4	52	8.0	-3.6	29.	Ondo	1	0.1	11	1.7	-1.6
11.	Ebonyi	23	2.8	12	1.8	+1.0	30.	Osun	5	0.6	7	1.1	-0.5
12.	Edo	96	11.7	116	17.8	-6.1	31.	Oyo	10	1.2	19	2.9	-1.7
13.	Ekiti	3	0.4	2	0.3	+0.1	32.	Plateau	11	1.3	12	1.8	-0.5
14.	Enugu	29	3.5	20	3.1	+0.4	33.	Rivers	0	0.0	7	1.1	-1.1
15.	FCT	2	0.2	1	0.2	0.0	34.	Sokoto	78	9.5	5	0.8	+8.7
16.	Gombe	0	0.0	0	0.0	0.0	35.	Taraba	2	0.2	0	0.0	+0.2
17.	Imo	35	4.3	59	9.1	-4.8	36.	Yobe	1	0.1	4	0.6	-0.5
18.	Jigawa	4	0.5	11	1.7	-1.2	37.	Zamfara	10	1.2	5	0.8	+0.4
19.	Kaduna	114	13.9	4	0.6	+13.3		<b>Total</b>	<b>820</b>	<b>100.0</b>	<b>651</b>	<b>100.0</b>	

Source: NAPTIP Data Analysis, 2013

## Appendix E: The List of EFCC Convictions in 2013 and 2014



### Economic and Financial Crimes Commission

NO. 5, FOMELLA STREET, OFF ADETOKUNBO ADEMOLA CRESCENT, WUSE II, ABUJA, NIGERIA

Hot Lines: 09-7831798, 09-7831799; Website: www.efccnigeria.org EFCC Facebook/official, Twitter: @officialefcc,

Youtube: www.youtube.com/officialefcc,

## For the Records: 2013 CONVICTIONS

S/NO	CHARGE NO.	DATE FILED	OFFENCE	DATE OF CONVICTION	COURT/JUDGE	PARTIES/NAMES OF ACCUSED/ CONVICTS	VERDICT
1	FHO KD/160C/2008	18/11/2008	POSSESSION OF DOCUMENTS CONTAINING FALSE PRETENCE CONTRARY TO S.6 AND 8(B) OF THE ADVANCE FEE FRAUD AND RELATED OFFENCES ACT 2D06 IN THE FHC.KD	8/2/2013	JUSTICE M.L. SHUAIBU	FRN V ATURU OLUWAFEMI VICTOR	SIX MONTHS IMPRISONMENT ON EACH COUNT AND THE JAIL TERM WAS TO RUN CONCURRENTLY FROM 8TH FEBRUARY 2013.
2	FHCM0190200Q	4/3/2009	ATTEMPTING TO OBTAIN PROPERTY BY FALSE PRETENCE	8/2/2013	JUSTICE M. L. SHUAIBU	FRN V. MICHAEL ADEWUMI LFASHOLE	SIX MONTHS FROM THE DATE OF JUDGMENT
3	FHC/ABJ/CR/152/2012	26/11/2013	FALSE DECLARATION OF FUNDS	1/17/2012	HON JUSTICE ADAMU BELLO	FRN V ABDULRASHEED IBRAHIM	FORFEIT 25% OF THE \$188,858 USD, TO BE PAID TO FED GOVT TREASURY.
4	CR/75/2008	13/2/2006	DISHONEST CONVERSION OF VARIOUS CUSTOMERS MONEY	28/1/2013	HON JUSTICE SADIQ UMAR	FRN V AKIN OLADIPUPO AND RAINBOW GLOBAL VENTURES LIMITED	SIX MONTH IMPRISONMENT ON 1 FIRST COUNT AND TWO YEARS IMPRISONMENT ON COUNTS TWO
5	FHC/KD/82C/2008	28/6/2008	POSSESSION OF A DOCUMENT CONTAINING FALSE PRETENCE	8/2/2013	HON JUSTICE M. L. SHUAIBU	FRN IBINI KAYODE	SIX MONTHS IMPRISONMENT
6	FHC/ABIACR/54/2012	28/3/2012	CRIMINAL MISAPPROPRIATION	201/2013	JUSTICE ABUBAKAR TALBA	FRN V. JOHN YAKUBU YUSUFU	N 250,000.00 FINE ON EACH OF THE3 COUNTS
7	FHC/KD/64C/2011	15/08/2011	OBTAINING MONEY UNDER FALSE PRETENCE	28/4/2013	HON JUSTICE M. L. SHUAIBU	FRN V IFEANYI ECHEBIRI & OGBUEFI SYLVESTER IFEANYI	SEVEN YEARS IMPRISONMENT OR EACH OF THE SEVENTEEN COUNT RUN CONCURRENTLY
8	8.CR/22/12	4/9/2012	CONSPIRACY TO FORGE AND FORGERY	5/18/2013	FCT HAH CRT-9 FRN V EMEKA OKAFOR	NINE YEARS IMPRISONMENT ON EACH COUNT WITHOUT AN OPTION OF FINE AND TO RUN CONCURRENT	
9	9.A/50C/06	24/11/2005	CONSPIRACY TO STEAL AND STEALING	22/5/2013	UGH COURT, ABA, ABE STATE	FRN VOKOGBUIU URUM AND A-RAN PETROLEUM.	THREE YEARS IMPRISONMENT WITH HARD LABOUR
10	CR/110/2008	12/5/2006	CONSPIRACY, THEFT, FORGERY AND USING AS GENUINE FORGED DOCUMENT.	19/6/2013	COURT 15 FCT HIGH COURT	FRN V JAMES ADDLE & JERRY ONUOHA	THREE YEARS IMPRISONMENT OR ALL THE COUNTS EXCEPT COUNTS 5,8,48WIFOUTIOT OPTION OF FINE
11	KTH/BC/2009	06/11/2008	POSSESSION OF DOCUMENTS CONTAINING FAKE INFER MA IAN	15/7/2013	KATSINA STATE HIGH COURT	FRN VS ANTHONY IDEMUDIA	TWO YEARS IMPRISONMENT WITHOUT AN OPTION OF FINE ON EACH OF THE TWO COUNT CHARGE
12	PLD/1/30C/2009	10/6/2009	CRIMINAL CONSPIRACY ATTEMPT TO OBTAIN MONEY BY FALSE PRETENCES AND IMPERSONATION	11/7/2013	HIGH COURT OF JUSTICE, JOS PLATEAU SLATE	FRN V MOHAMMED UMAR	SEVEN YEARS IMPRISONMENT ,EAD WITHOUT AN OPTION OF FINE ON COUNTS 1 AND 2, ON COUNT 3 THREE, THE ACCUSED WAS FOUND GUILTY AND SENTENCED TO 1 YEAR IMPRISONMENT WITH AN OPTION A FINE OF N50,000.00 (FIFTY THOUSAND NARIA ONLY.
13	FHC/MN/CR/1/2011	25/10/2011	CONSPIRACY AND OBTAINING MONEY UNDER FALSE PRETENCE	11/1/2013	FEDERAL HIGH COURT 1, MINNA, NIGER STATE	FRN V OWOLABI ADEWALE	TWO YEARS IMPRISONMENT ON COUNT 1 AND 3 WITH HARD LABOUR THE SENTENCE IS TO COMMENCE ON THE 1/11/2013. BUT ACQUITTED OF COUNT 3.
14	FHC/KD/98C/2012	5/12/2012	CONSPIRACY AND OBTAINING MONEY UNDER FALSE PRETENCE	11/5/2013	FEDERAL HIGH COURT 1 KADUNA STATE	FRN V SAM GWANDU	SEVEN YEARS IMPRISONMENT ON EACH COUNT TO RUN CONCURRENTLY FROM THE DATE OF ARREST
15	FHC/AFT VCR/80/11	10/6/2011	CRIMINAL CONSPIRACY AND BEING IN UNLAWFUL DOS SESSION OFFICE UNITED STATES CURRENCIES	16/12/2013	FHC 8, ABUJA	FRN V ALI SAIDU AND NARU SANI	5 YEARS IMPRISONMENT
16	L/E FCC/2/2 013	28/10/2013	OBTAINING BY FALSE PRETENCE, FORGERY AND UTTERING	13/12/2013	HIGH COURT 2 BENIN	FRN V ESOSA AKONEDO JUSTICE J	1 YEAR IMPRISONMENT ON EACH OF THE 5 COUNTS OR N 20,000.00 ON EACH OF THE 5 COUNTS
17	CR/09/2007	10/10/2007	PERSONATING A PUBIC SERVANT AID ATTEMPT TO	10/12/2013	FCT HIGH COURT 14	FRN V SAMUEL Z. BINDE (ALIAS AUSTIN SAMUEL)	1 YEAR IMPRISONMENT
18	KDH/Z/L/08C/13	15/5/13	CRIMINAL BREACH OF TRUST	19/6/13	HCT1. ZARIA	FRN V DAVID DANIJUMA GWANI	6 MONTHS IMPRISONMENT OR OPTION OF N2 50,000.00
19	SS/23C/2011	18/10/2011	CRIMINAL BREACH OF TRUST 6 THEFT	23/4/13	HCT SOKOTO	FRN V ESTHER ALAGBA	3 MONTH IMPRISONMENT OR N500,000.00 FINE ON EACH OF THE COUNTS

## 2013 EFCC CONVICTIONS

S/NO	CHARGE NO.	DATE FILED	OFFENCE	DATE OF CONVICTION	COURT/JUDGE	PARTIES/NAMES OF ACCUSED/ CONVICTS	VERDICT
20	K/EFCC/11/2010	22/03/2010	MISAPPROPRIATION	29/4/13	HCT 16 KANO	FRN V BENSON UKUM	1 YEAR IMPRISONMENT OR N500,000.00 FINE AND FORFEITURE OF BAIL BOND
21	FHC/GV 12C/2012	3/21/2012	WILLFUL OBSTRUCTION OF AUTHORIZED OFFICERS	26/3/13	FHC GUSAU	FRN V ALYU IDRLS	9 MONTHS IMPRISONMENT OR N120,000.00 FINE
22	B/HC/FRN/11/11	12/V 2011	OBTAINING BY FALSE PRETENCE	9/3/2013	HCT KEBBI	FRN V MITE LOVE AHMED	7 YEARS IMPRISONMENT
23	K/EFCC/06/11	21/03/2012	OBTAINING MONEY UNDER FALSE PRETENCE	24/6/13	HCT, 15, KANO	FRN V ABU YUSUF AKA ABU USMAN	1 YEAR IMPRISONMENT
24	E/113C/2012	4/11/2011	OBTAINING BY FALSE PRETENCE, FORGERY 8/ UTERINE	13/06/2013	HC ENUGU	FRN V GODE MBACHU	TWO YEARS IMPRISONMENT
25	CR/416/2008	11/7/2008	USE OF PREMISES & NON REGISTRATION	17/6/2013	FHC AWKA	FRN VOI GABRIEL ARINZE	REPRIMANDED
26	LCD/131/2012	27/07/2012	OBTAINING MONEY UNDER FALSE PRETENCE	2 1/11/2013	HC, LAGOS	FRN V JEJE OLANIRAN	1 YEAR IMPRISONMENT & RESTITUTION
27	LCD/131/12	27/07/2013	FORGERY OF FOREIGN MONEY ORDER 2	1/01/2013	HC, LAGOS	FRN V AKANNI RASHEED	3 YEARS IMPRISONMENT
28	FHC/ASB/29 C/11	21/7/11	BANKING SCAM	1/7/2013	FHC, ASABA	FRN V MUSTARD SEED MICRO INVESTMENT LTD	10 YEARS IMPRISONMENT
29	D/377C/11	22/1/13	ATTEMPT TO OBTAIN BY FALSE PRETENCE, FORGERY & UTTERING	2/6/2013	HC, LAGOS	FRN V SARA AKPAN	7 YEARS IMPRISONMENT
30	ID/193C/12	13/11/12	CONSPIRACY & ATTEMPT TO OBTAIN BY FALSE PRETENCE 2	3/01/2013	HC, IKEJA	FRN V DAVE AKANNI JOEL & DAVID OMOWUNMI	1 YEAR IMPRISONMENT
31	ID/42C/2008	07/01/2008	FORGERY	2/6/2013	HC, LAGOS	FRN V SARAH AKPAN	7 YEARS IMPRISONMENT
32	FHC/L/18C/2009	02/09/2009	CONSPIRACY TO TAMPER WITH OIL PIPELINE FOR TRANSPORTATION OF PETROLEUM	1/2/2013	FHC, LAGOS	FRN V EMILIOJU ABIODUN	15 YEARS IMPRISONMENT
33	ID/177C/201 1	23/05/2011	OBTAINING BY FALSE PRETENCE 1	8/02/2013	HC, IKEJA	FRN V VERA OGBONNA	7 YEARS IMPRISONMENT
34	ID/48C/20 08	06/09/2008	CONSPIRACY & OBTAINING BY FALSE PRETENCE	3 1/01/2013	HC, IKEJA	FRN V OLIWATOSIN ADEBISI MICHAEL	8 YEARS IMPRISONMENT
35	FHC/L/26C/13	27/3/13	MONEY LAUNDERING	3/6/2013	FHC, LAGOS	FRN V CHUKWUONO NNAEMEKA	25% OF UNDECLARED SUM FORFEITED TO FGN
36	LCD/125 C/12/	23/10/2012	FORGERY OF FOREIGN MONEY ORDER/CHEQUES	1 3/02/2013	HC, LAGOS	FRN V AYODELE BABALOLA	9 YEARS IMPRISONMENT
37	ID/63C/2008	201	OBTAINING BY FALSE PRETENCE 1	3/02/2013	HC, LAGOS	FRN V ELIHA WILLIAMS	6 MONTHS IMPRISONMENT
38	ID/296C/12	06/06/2013	OBTAINING BY FALSE PRETENCE	3/6/2013	HC, IKEJA	FRN V OKONTA VINCENT CHINEDU	2 YEARS IMPRISONMENT
39	FHC/L/168C/13	24/04/2012	MONEY LAUNDERING	5/8/2013	FHC, LAGOS	FRN V FATAI APAMPA ADESINA	FORFEITURE OF \$140,000.00 TO FGN
40	FHC/L/79C/13	01/03 2013	MONEY LAUNDERING	5/7/2013	FHC, LAGOS	FRN V AKINWOYE ABIOLA OLUWAFUNKE	FORFEITURE OF \$ 51,205,00 TO FGN
41	B/EFCC/1C/06	25/07/06	OBTAINING BY FALSE PRETENCE	5/3/2013	HC, BENIN	FRN V FREDICK IGBOVBOA & ANO	7 YEARS IMPRISONMENT
42	LCD/53/13	4/3/2013	STEALING & FORGERY 2	2/05/2013	FHC, LAGOS	FRN V OLANIYI KEHINDE, OGUNJIMIN SUNDAY, FREDICK OHIAERI	3 MONTH IMPRISONMENT
43	LCD/01/2013	7/1/2013	OBTAINING BY FALSE PRETENCE 2	5/03/2013	HC, LAGOS	FRN V IMMACULATE AZIEGBEMI	1 YEAR IMPRISONMENT
44	ID/24C/2013	7/5/2013	OBTAINING BY FALSE PRETENCE 2	5/03/2013	HC, LAGOS	FRN V OLAOLU SALAU	7 YEARS IMPRISONMENT AND RESTITUTION
45	FHC/L/62C/2006	5/4/2006	CONSPIRACY, FORGERY UTTERING OF US POSTAL ORDERS	27/5/2013	FHC, LAGOS	FRN V P ETER NOSA IYEN	60 YEARS & 5 YEARS IMPRISONMENT TO RUN CURRENTLY
46	I/2EFCC/2013	07/06/2013	OBTAINING BY FALSE PRETENCE 2	5/06/2013	HC, IBADAN	FRN V AKINLUYI AKINTUNDE (AKA AKIN CINDY)	3 YEARS IMPRISONMENT
47	FHC/L/87C/2011	24/2/2011	ILLEGAL OPERATION OF PREMIUM MOTOR SPIRIT	5/3/2013	FHC, LAGOS	FRN V GUAN P IN MANG & 2 OTHERS	2 YEARS IMPRISONMENT
48	ID/162C/200 6	20/11/2006	CONSPIRACY & OBTAINING BY FALSE PRETENCE	1/7/2013	HC, LAGOS	FRN V OLARENWAJU	9 YEARS & 7 MONTHS IMPRISONMENT
49	K/EFCC/05/201 1	30/06/2011	FAILURE OF SURETY TO PRODUCE ACCUSED PERSON	1 4/05/2013	HCT KN	FRN V P ATRICK AKOR	6 MONTHS IMPRISONMENT OR FORFEITURE OF N 20 0,000.00 BAIL BOND

2013 EFCC CONVICTIONS							
S/NO	CHARGE NO.	DATE FILED	OFFENCE	DATE OF CONVICTION	COURT/JUDGE	PARTIES/NAMES OF ACCUSED/ CONVICTS	VERDICT
50	K/EFCC/8/2013	27/3/2013	CRIMINAL CONS PIRACY AND OBTAINING BY FALSE PRETENCE	24/6/13	HC KANO	FRN V ABUBAKAR SAAIDI MAIGASKIYA & 3 ORS	<b>1ST ACCUSED</b> SENTENCED TO 6 MONTHS IMPRISONMENT OR N50,000.00 FINE ON 1ST COUNT, 4 MONTHS IMPRISONMENT OR N100,000 FINE ON 2ND COUNT, 6 MONTHS IMPRISONMENT OR N100,000.00 FINE ON 3RD COUNT, 6 MONTHS IMPRISONMENT OR N150,000.00 FINE ON 4TH COUNT <b>2ND ACCUSED</b> SENTENCED TO 6 MONTHS IMPRISONMENT OR N100,000 FINE ON 1ST COUNT, 6 MONTHS IMPRISONMENT OR N50,000.00 ON 4TH COUNT, <b>3RD ACCUSED</b> SENTENCED TO 6 MONTHS IMPRISONMENT OR N8 0,000.00 ON 1ST COUNT & 6 MONTHS IMPRISONMENT OR N5 0,000.00 FINE ON 4TH COUNT
51	ID/69C/2008 7 YEARS IMPRISONMENT	24/6/2009	OBTAINING BY FALSE PRETENCE	8/7/2013	HC, LAGOS	FRN V OLUSEGUN AGBANIMU AND SUNDAY SAMUEL OMENGOR	(FOR 1ST ACCUSED) AND 6 MONTHS IMPRISONMENT (FOR 2 <sup>ND</sup> ACCUSED)
52	ID/72C/2011	9/3/2011	OBTAINING BY FALSE PRETENCE	25/7/2013	HC LAGOS	FRN V PINCE BAYO LAWAL & ANO	5 YEARS IMPRISONMENT AND RESTITUTION OF N62,573,000.00 TO VICTIMS
53	FHC/KN/C R/196/2012	12/12/2013	MONEY LAUNDERING	15/01/2013	FCH 2 KANO FATU RIMAN J	FRN VS LDRIS HAMZA	FORFEITED \$12,000
54	FHC/KN/C R/193/2012	12/12/2012	MONEY LAUNDERING	15/01/2013	FCH 2 KANO FATU RIMAN J	FRN VS UMAR MUSA KIBIYA	FORFEITED \$20,000
55	FHC/KN/C R/210/2012	12/12/2012	MONEY LAUNDERING	15/01/2013	FCH 2 KANO FATU RIMAN J	FRN VS BASHIR ABDU	FORFEITED \$65,000.00
56	K/EFCC/01/2010	23/12/2012	CHEATING	22/01/2013	HCT KANO	FRN AUWAL IBRAHIM HASSAN	FORFEITED N 100,000.00 OR 3 YEARS IMPRISONMENT
57	K/EFCC/05/2010	23/12/2012	CHEATING	22/01/2013	HCT KANO	FRN VS IBRAHIM HAMISU	FORFEIT N100,000.00 OR 3 YEARS IMPRISONMENT
58	K/EFCC/08/2009	21/1/2010	CONSPIRACY, CONVERSION AND CHEATING	5/2/2013	HCT KANO	FRN VS ABU HARUNA & SANI HARUNA	6MTHS IMPRISONMENT FOR 1 & 2 COUNTS: PAYMENT OF N7,200,000.00 OR 2 YEARS IMPRISONMENT AS RESTITUTION.
59	K/EFCC/13/2012	27/12/2012	OBTAINING BY FALSE PRETENCE.	31/01/2013	HCT 13 KANO	FRN VS AUWAI IBRAHIM	3YEARS IMPRISONMENT OR OPTION OF FINE N250,000.00
60	K/EFCC/16/2011	20/1/2012	FAILURE TO PRODUCE ACCUSED PERSON	22/01/2013	HCT KANO	FRN VS MU'AZU MOHAMMAD & USMAN MOHAMMAD	6 MONTHS IMPRISONMENT OR OPTION OF N300,000.00
61	K/EFCC/12/2012	13/12/2012	OBTAINING BY FALSE PRETENCE	11/2/2013	HCT 6 KANO	FRN VS NATHANIEL ABU TOR	6 MONTHS IMPRISONMENT OR N20,000.00 FINE
62	K/E FCC/05/2011	30/6/11	USING AS GENUINE A CERTAIN DOCUMENT	13/02/2013	HCT 10 KANO	F RN VS UGOJI UGOJI THEOPHILLUS	9 MONTHS IMPRISONMENT OR N200,000.00 FINE
63	K/EFCC/09/2012	9/10/2012	CONSPIRACY, MISAPPROPRIATION & FORGERY	21/2/2013	HCT 9 KANO	FRN VS FUNSHO OLAYETE & ABIOLA P. AYOADE	23 MONTHS IMPRISONMENT & N410,000 FINE & N700,000 RESTITUTION
64	K/E FCC/02/2011	15/7/2011	OBTAINING BY FALSE PRETENCE	26/2/2013	HCT KANO AISHA MAHOUD J.	FRN VS UGOJI T. UGOJI	2 YEARS IMPRISONMENT OR N100,000 FINE
65	FHC/ASB/3C/2010	4/2/2010	ILLEGAL DEALING IN PETROLEUM PRODUCT	8/1/2013	FCO HIGH COURT A SABA	FRN V HELEN ITEM OA & ANOR	6 YEARS IMPRISONMENT OR AN OPTION OF FINE OF N600,000 FINE AND THE TRUCK WITH REG. NO. XN 789 ENU LOADED WITH ABOUT 136 DRUMS OF PETROLEUM PRODUCT (AGO) FORFEITED TO FGN
66	TRSI/49C/2011	27/7/2011	OBTAINING BY FALSE PRETENCE	26/03/2013	HC, JALH<>	FRN V MAIGARI BELO IBRAHIM T.	9 YEARS IMPRISONMENT OR N75,000.00 FINE
67	ID/42C/2008	01/07/2008	CONSPIRACY & OBTAINING BY FALSE PRETENCE	02/06/2013	HC LAGOS JUSTICE OLOKOBA	FRN V SARAH AKPAN	7 WARS IMPRISONMENT
68	FHC/6M/36C/2013	13/11/2013	COUNTERFEIT OF CURRENCY	29/11/2013	FHC. GOMBE	FRN V MARK THOMAS	2 YEARS IMPRISONMENT
69	FHC/TRSI/2C/12	29/6/2012	OBTAINING BY FALSE PRETENCE	22/04/2013	FHC, JALINGO	FRN V DANIEL DAN FULANI & ANO	6MONTHS IMPRISONMENT
70	ID/69C/2010	5/8/2010	OBTAINING BY FALSE PRETENCE	29/4/2013	HC LAGOS	FRN V ARUNA MUNIRU ADESHINA	5 YEARS IMPRISONMENT
71	ID/38C/2010	26/4/2010	OBTAINING BY FALSE PRETENCE	29/4/2013	HC LAGOS	FRN V ARUNA MUNIRU ADESHINA	7 YEARS IMPRISONMENT
72	ID/15 9C/2011	6/6/ 2011	STEALING, FORGERY, ISSUANCE OF DUD CHEQUE	11/7/2013	HC LAGOS	FRN V AYOOLA S. COKER INVESTMENT	2 YEARS IMPRISONMENT
73	M/18W/2012	5/10/2012	OBTAINING BY FALSE PRETENCE	17/6/2013	HC LAGOS	FRN VS SOLOMON ROLAND UZOR	6 MONTHS IMPRISONMENT
74	ID/185C/2012	5/10/2012	OBTAINING BY FALSE PRETENCE	17/6/2013	HC LAGOS	FRN V JUVENTUS NONSO LLODI	6 MONTHS IMPRISONMENT
75	LCD/228/2013	31AK/2013	STEALING & FORGERY	4/10/2013	HC LAGOS	FRN V LAWAL QASIM	6 MONTHS IMPRISONMENT



2013 EFCC CONVICTIONS							
S/NO	CHARGE NO.	DATE FILED	OFFENCE	DATE OF CONVICTION	COURT/JUDGE	PARTIES/NAMES OF ACCUSED/ CONVICTS	VERDICT
76	ID /252C/2 012	5/12/2012	OBTAINING BY FALSE PRETENCE	17/10/2013	HC LAGOS	FRN V PROGRESS LUMOERA & ANO	18 MONTHS IMPRISONMENT
77	D/137E/12	13/6/ 2013	OBTAINING BY FALSE PRETENCE	29/10/2013	HC LAGOS	FRN V JIDE YINKA	12MONTHS IMPRISONMENT & N25,000.00 RESTITUTION
78	B/195/2013	30/10/2013	OBTAINING BY FALSE PRETENCE	11/11/2013	HC LAGOS	FRN V JUNIOR WILLIAMS	7 MONTHS IMPRISONMENT
79	LD/44C/2010	18/11/2010	OBTAINING BY FALSE PRETENCE	18/11/2013	HC LAGOS	FRN V OLABAMII MICHAEL KAYODE	15 YEARS IMPRISONMENT
80	D/299C/13	25/10/2013	FORGERY	18/11/2013	HC LAGOS	FRN V SEGUN OLUFEMI	3 YEARS IMPRISONMENT
81	FHC/L/CS/346C/13	25/11/2013	OBTAINING BY	25/11/13	FHC, LAGOS	FRN V AUGUSTINE ONWE	FORFEITED N2,000,000.00
82	ID/300C/1 3	5/9/2013	FORGERY	3/12/2013	HC, LAGOS	FRN V GODWIN OMOJUYI	8 MONTHS IMPRISONMENT
83	ID/237C/1 3	21/11/2012	CONSPIRACY, ATTEMPT TO STEAL AND UTTERING	1 8/12/2013	HC, LAGOS	FRN V AJABGE OMOOTAYO& ANO	1 YEAR AND 6 MONTHS IMPRISONMENT
84	I/ 3ECC/2013	7/6/2013	OBTAINING BY FALSE PRETENCE	20/12/13	HC, IBADAN	FRN V JOHN AUDU KANU	14 YEARS IMPRISONMENT
85	ID/87C/20 13	7/6/2013	OBTAINING BY FALSE PRETENCE 0	8/10/2013	HC, LAGOS FRN V	BENIAMIN OTUORIMUO	6 MONTHS IMPRISONMENT & RESTITUTION OF \$4, 016. 25
86	ID/HOW/4ECC/12	24/09/2011	OBTAINING & FRAUDULENT USE OF PREMISES	7/12/ 2013	HC, OWERRI	FRN V NWAKA OZICHI BIAISE	7 YEARS & 3 YEARS IMPRISONMENT
87	CR/08 2/2012	22/6/2012	OBTAINING BY FALSE PRETENCE & POSSESSION OF SCAM DOCUMENTS	28/11/13	FHC, ENUGU	FRN V ONYIA IFEANYI Y	
88	CR/34 0/2011	25/11/2011	TRANSACTION OF BANKING BUSINESS WITHOUT A VALID LICENCE 2	8/11/2013	FHC, ENUGU	FRN V EDITH NKUNITE EGBUIE & ANO	6 MONTHS IMPRISONMENT OR N1 50,000.00 FINE & 1 MONTH IMPRISONMENT OR N50,000.00 FINE
89	FCT/HC/CR/07/06	09/09/2013	OBTAINING BY FALSE PRETENCE	8/10/2013	FCT HC, ABI	FRN V JOSEPH MORAH	10 YEARS IMPRISONMENT
90	FHC/L/26C/2011	21/03/2011	CONVERSION	13/11/ 2013	FHC, LOKOJA	FRN VENESI JIMOH SUIJEMAN	6 MONTHS IMPRISONMENT
91	CR/22 4/2012	29/4/2013	OBTAINING BY FALSE PRETENCE	7/10/2013	FHC, ENUGU	FRN V JELIU GBENGA	6 MONTHS IMPRISONMENT
92	CR/08 5/2011	8/1/2013	OBTAINING BY FALSE PRETENCE 2	4/10/2013	FHC, ENUGU	FRN V OYEKANMI ADEWALE	2 YEARS IMPRISONMENT
93	FHC/B/69C/2013	10/7/2012	IMPERSONATION, FORGERY, CONSPIRACY, MONEY LAUNDERING & OBTAINING BY FALSE PRETENCE	8/ 11/2013	FHC, BENIN	FRN V NOSA AGHO	3 YEARS IMPRISONMENT
94	CR/15 3/2008	11/2/2010	CONSPIRACY, VANDALISM AND ILLEGAL BUNKERING	19/11/ 2013	FHC, OWERRI	FRN V HEN RY THOMAS & ANO	5 MONTHS IMPRISONMENT
95	FHC/PH/229C/2013	18/11/2013	IMPERSONATION, FORGERY, POSSESSION OF SCAM DOCUMENTS, CONSPIRACY & OBTAINING BY FALSE PRETENCE	2/12/2013	FHC, PH	FRN V OKOLIE EMMANUEL EMEKA & 2 ORS	4 MONTHS IMPRISONMENT
96	FHC/GS/ 11C/2012	21/03/12	WILLFUL OBSTRUCTION OF AUTHORIZED OFFICERS 2	6/03/2013	FHC GUSAU	FRN V ALIYU MUSA & 2 ORS	6 MONTHS IMPRISONMENT OR FINE OF N100,000.00
97	FHC/KN/CR/21/ 2013	17/01/2012	COUNTERFEITING OF CURRENCY	10/7/2013	FHC 2 KANO	FRN V MUHAMMED SANI	3 YEARS IMPRISONMENT FOR EACH COUNT OR N150 ,000.00 FOR EACH COUNT
98	FHC/KN/CR/85/ 2013	24/03/2012	COUNTERFEITING OF CURRENCY ( US DOLLARS)	10/7/2013	FHC 2 KANO	FRN V MUHAMMED SHEHU	3 YEARS IMPRISONMENT FOR EACH COUNT OR N150 ,000.00 FOR EACH
99	FHC/KN/CR/194/ 2012	17/12/2012	COUNTERFEITING OF CURRENCY(U S DOLLARS	11/7/2013	FHC 2 KANO	FRN V TUKUR ABDULLAH	5 YEARS IMPRISONMENT FOR EACH COUNT OR N 15 0,000.00 FOR EACH COUNT
100	FHC/KN/CR/192 /2012	12/12/2012	MONEY LAUNDERING	12/7/2013	FHC 2 KANO	FRN AMINU SULE LAMIDO	TO FORFEIT 25% OF UNDECLARED FUNDS
101	K/ECC/03/201 3	18/02/2013	MISAPPROPRIATION 2	2/07/2013	HCT 10 KANO	FRN V USMAN SALIFU	6 MONTHS IMPRISONMENT OR N2,000,000.00 AND PAYMENT OF N56,879,0 00.00 AS COMPENSATION TO COMPLAINANT
102	FHC/KN/CR/38/ 2013	18/02/2013	MONEY LAUNDERING	09/12/203	FHC 2 KANO	FRN V USMAN SALIFU	1 YEAR IMPRISONMENT OR N 250,000.00 FINE 103 K/ECC/16/200 8 17/12/2008 CONSPIRACY AND OBTAINING MONEY UNDER FALSE PRETENCE 2 8/12/2013 HCT 8 KANO FRN V UCHE OYENKPA & FRANK OBI 1 YEAR IMPRISONMENT
104	K/ECC/12/2013	11/7/2013	FORGERY 1	8/12/2013	HCT 10 KANO	FRN V AUGUSTINE OLAYINKA & OKEH ANONE	2 YEARS IMPRISONMENT OR FINE OF N100,000.00
105	K/ECC/10/2012	9/10/2012	OBTAINING BY FALSE PRETENCE AND FORGERY	30/12/13	HCT 10 KANO	FRN V BASHIR ALI & SALE JIBRIN	14 YEARS IMPRISONMENT WITH FINE OF N1,000,000.00



### Economic and Financial Crimes Commission

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#### CONVICTIONS SECURED IN 2014

S/N	ACCUSED(S) NAME	CHARGE NO.	OFFENCE(S)	DATE CASE CHARGED TO COURT	TRIAL COURT	TRIAL JUDGE'S NAME	DATE OF CONVICTION	SENTENCE
1	A.I ASSOCIATES & BARRISTER IBRAHIM ABDUL	CR/13/2009	Criminal breach of trust	2009	H/C 14 GUDU	JUSTICE A. A. I BANJOKO	3/3/2014	1st accused sentenced to 2 years imprisonment or fine of N5m. Failure to pay the fine the Managing Director or principal officer will serve the sentence, 2nd accused (Managing Director) sentenced to 5 years imprisonment or fine of N20 million.
2	CHIEF B. A. OMOLE AGBOWORIM	CR/62/2005	Misappropriation of public funds.	2005	H/C 12 MAITAMA	JUSTICE SADIQ UMAR	6/2/2014	15 months imprisonment.
3	ALHAJI MUSTAPHA SULEIMAN	CR/431/2010	Issuance of dishonoured cheque	2010	H/C 21 APO	JUSTICE ADEGBOLA ADENIYI	21/5/2014	2years imprisonment without option of fine.
4	PAUL MOMOH & DURU COSMAS	CR/86/2012	Criminal breach of trust	2012	H/C 21 APO	JUSTICE ADEGBOLA ADENIYI	8/7/2014	2 years imprisonment or fine of N1,250,000.00 on each of the two counts of the charge.
5	MOHAMMED JAMEEL & 1 OTHER.	FCT/HR/CR/27/09	Criminal breach of trust	4/11/2009	HC FCT	Justice A.S.Umar	3/19/2014	1st accused sentenced to 2 years imprisonment, and 2nd accused sentenced to a fine N5,000.00.
6	ABDULMALIK K. SULEIMAN & ABDULAZEZE ADABANEGE	FCT/HR/CR/27/09	Impersonation and attempt to obtain money by false pretence.	4/11/2009	FCT High Court No.21 Apo	Justice O Adegbola Adeniyi	20/06/2014	1st accused sentenced to 33 years imprisonment, and 2nd accused sentenced to 25 yrs imprisonment
7	EBILOMA ABDULLAHI	FCT/HR/CR/02/09	Forgery and obtaining money by false pretence	4/11/2009	FCT High Court 20 Apo	Justice O Adegbola Adeniyi	16/05/2014	Accused sentenced to 2years imprisonment on count 1 and 10yrs imprisonment on count 7.
8	PASTOR ELABE ROBLES JNR.	CR/78/2010	Issuance of dishonoured cheque	30/11/2009	FCT High Court	Justice Kufgi	29/01/2014	4 months imprisonment
9	GODWIN BELLO ONIMISI	CR/382/13	Cheating and Impersonation	23/10/2013	H/Court 15 Gudu	Justice A.A.I Banjoko	12/1/2014	3 months imprisonment
10	AYUBA MOHAMMED	CR/185/13	Impersonation	27/10/2014	H/Court 15 Gudu	Justice A.A.I Banjoko	28/3/2014	3 years imprisonment
11	FRIDAY JOSEPH IDACHABA (DCP)	HCL/54C/2013	Obtaining by false pretence	12/2/2014	Kogi State High Court 3 Okene	Justice JJ Majebi	28/11/2014	7 years imprisonment without option of fine. Restitution on the sum of N 1,403,114.00 to the Nigerian Prisons
12	BASHIR AHMAD HARUNA	K/EFCC/15/2013	Conspiracy and Obtaining Money by false Pretences.	11/6/2013	HCT 9	Justice Dije Aboki	1/8/2014	2nd sentenced to 4months imprisonment and N200,000.00 fine. Failure to pay fine he shall serve another 4months on count 5 and 3months on count 7.
13	ALHAJI ABDULKADIR MOHAMMED	FHC/KN/CR/141/2013	Issuance of dishonoured cheque	9/6/2013	FHC 2 KANO	Justice Fatu Riman	1/28/2014	7years imprisonment or option of fine of N1,050,000.00
14	ABDULAZEZE ABUBAKAR	KDH/KADI/2/EFCC/2013	Criminal breach of trust	21/2/2013	HCT 2 Kaduna	Hon. Justice Tukur A. Maszu	1/31/2014	1year Imprisonment without option of fine.
15	IBRAHIM SALE NAGERO & IBRAHIM SALE NAGERO TRANSPORT (NIG.) LTD.	FHC/KN/CR/EFCC0173 /2013	Forgery and diversion of funds	21/10/2013	FHC 2 KANO	Justice Fatu Riman	2/6/2014	1st & 2nd Accused are Sentenced to 2years imprisonment and fine of N500,000.00
16	OMORODION UYI BRIGHT, KELVIN ENOMA, OKIN KANATIOUS, CHARLES EHSIS	FHC/b/95c/13	Conspiracy and Internet Fraud	19/10/2013	FHC Benin, Edo State	Justice A.M Liman	5-Feb-14	Convicted and sentenced to 7 years in prison with out the option of fine, to be suspended for 2 years and all monies in their bank be forfeited to the FGN
17	MOSES KOLA OLAYEMI	K/EFCC/10/2013	Criminal Misappropriation	27-May-13	HCT 13 Kano	Justice Farouk Lawan	28-Mar-14	3 years imprisonment and N120,000.00 on all the 3 counts
18	HADIZA MUSTAPHA	K/EFCC/02C/2013	Theft And Fraud	31-Jan-13	HCT 7, Kano	Justice Dije Aboki	31-Mar-14	Convicted and sentenced to 1 year imprisonment together with a fine of N50,000.00 for count 2 and for count 3,4,5,6,7,8,9 and 10 she was sentenced to 4 years imprisonment or an option of fine of N280,000.00.
19	OPARA DANIEL (SO CALLED IBRAHIM LAMORDE)	K/EFCC/08/2014	Misappropriation obtaining by false pretence and employment scam	5-May-14	HCT 10 Kano	Justice Faruk Lawan	27-May-14	1year imprisonment on counts 2 & 3 and sentenced to 1year imprisonment in respect of Count 1 to run consecutively.
20	MOHAMMED BASHIR ABDULKADIR	FHC/KN/CR/32/2014	Possession of counterfeit currency	31-Jan-13	FHC 2 Kano	Justice Fatu Riman	31-Mar-14	He pleaded guilty and Sentence to 5 Months imprisonment on each of count 1, 2, and 3, to run concurrently and also sentence to 3 years imprisonment in respect of count 4 or fine of N200,000 and 3 years in prison on count 5 or fine of N100,000.00
21	BRIGHT EYOGBAI & OKECHUKU OKOLO	K/EFCC/08/2012	Conspiracy,Obtaining by false pretence and forgery	8-Oct-12	HCT 7 Kano	Justice Dije Aboki	5/6/2014	Convicted and sentenced to 42 years imprisonment for Count 1,2,3,4,5, & 6 to run Concurrently and also Sentenced to 6months in prison. restitution of N 9,000,000.00, and fine of N 70,000
22	STEPHEN ONYEKACHI (ALIAS STEVEN ONYERO)	K/EFCC/13/2013		10-Sep-13	HCT 7 Kano	Justice Dije Aboki	26-Jun-14	Convicted and Sentenced 14years Imprisonment for the 2 Count Charges to run Concurrently.
23	STEPHEN ONYEKACHI (ALIAS STEVEN ONYERO)	FHC/KN/CR/49/2013	Fraud and Obtaining money by false pretence	28-Feb-13	FHC 2 Kano	Justice Fatu Riman	6-Jul-14	Convicted and Sentenced 14years Imprisonment for the 2 Count Charges to run Concurrently. Restitution of N 220,000.00

24	AUWAL IBRAHIM	K/EFCC/19/2013	Criminal Misappropriation	27-Dec-13	HCT 10 Kano	Justice Farouk Lawan	10-Jul-14	Sentence to 6months Imprisonment for each of the 2 Counts to run concurrently or fine of N100,000
25	ABUBAKAR SALIHU A.K.A. ABUBAKAR NYIBANGO GADOGGAJI NYIBANGO	FHC/KN/CR/134/2014	Prossession of Fake Dollars	5-Sep-14	FHC 2 Kano	Justice Fatu Riman	30-Sep-14	Sentence to 5years Imprisonment or N300,000.00 Fine.
26	ABDUL YAHAYA AND BASHIR AHMAD HARUNA	K/EFCC15/2013	Conspiracy & Obtaining Money by False Pretence.	6-Nov-13	HCT 7 Kano	Justice Dije Aboki	10-Oct-14	Sentenced to 7 years in prison for count 2 and 6 months imprisonment each for counts 1,3,4,5, and 6 without an option of fine. The court also ordered the convict to pay the sum of N2,027,900.00 as restitution to the complainant.
27	MOHAMMED MANSUR ADAM AND MOHAMMED AUWAL	FHC/KN/CR/86/2013	Conspiracy Forgery and Attempt to Obtain Money under false Pretence	3-Jun-13	FHC 2 Kano	Justice Fatu Riman	28-Oct-14	Both Accused sentence to 7years Imprisonment Without option of Fine for each of the 3 Counts Charge to run Concurrently.
28	UMAR A. UMAR	FHC/DT/CR/40/2014	Chesting, Criminal Breach of Trust & Misappropriation of Funds	30/9/2014	FHC Dutse	Justice Salihu Yahuzza	18/11/2014	He pleaded guilty and Sentenced to 1 year in prison with hard Labour Starting from 18/11/2014
29	ABUBAKAR ABDULLAHI (MAI SABULU BUREAU DE CHANGE)	K/EFCC13/2014	Criminal breach of trust and theft	9/7/2014	HCT 7 Kano	Justice Dije Aboki	19/11/2014	He pleaded guilty and Sentenced to pay the sum of N250,000.00 or to serve 4months in prison
30	DANIEL OJO JEROME A.K.A. PETER OKUNDAYO	FHC/DT/CR/12/2014	Obtaining Money by false pretence	17/9/2014	FHC Dutse	Justice Salihu Yahuzza	20/11/2014	Sentenced to 6months in prison with hard labour or to pay the sum of N50,000.00 Fine.
31	MOHAMMED LAWAN MOHAMMED AND 4 OTHERS	K/EFCC/04/2010	Conspiracy and OBT	25/1/2010	HCT 13 Kano	Justice A.M Bayero	21/11/2014	Sentenced to 7years Imprisonment without option of Fine. And to pay the sum of N7,950,000.00 as compensation, failure of which he shall serve 5years imprisonment.
32	SOUFIYANOU ISSA	FHC/KN/CR/108/2014	False declaration of funds	5/6/2014	FHC 2 Kano	Justice Fatu Riman	21/11/2014	To Forfeit 50% of undeclared funds of \$132,100 (US Dollars) to the Federal Government of Nigeria
33	DENNIS ERESHE INUNG	K/EFCC/06/2012	Theft	10/9/2012	HCT 13 Kano	Justice A.M Bayero	9/12/2014	He pleaded guilty and Sentence to 6 Months imprisonment with a fine of N30,000.00. The court also ordered the convict to pay the sum of N280,000.00 as restitution to the complainant or in the alternative serve 2 years in prison.
34	AMINU MOHAMMED AND 5 OTHERS	K/EFCC/10/2008	Conspiracy, Impersonation & Obtaining Money by False Pretence	16/4/2008	HCT 7 Kano	Justice Dije Aboki	16/12/2014	Sentenced to 10years and 6months imprisonment. The court also ordered the convict to pay the sum of N11,000,000.00 as restitution to the complainant. In default of payment the Convict Shall Serve another 3 years in prison.
35	TAJO SANI INUSA AND ANOR	K/EFCC/04/2014	Issuance of Dud Cheque	17/10/2013	HCT 7 Kano	Justice Dije Aboki	24/12/2014	Sentenced to 3months Imprisonment or in the Alternative pay a Fine of N100,000.00
36	ANTHONY ANIUZOIGWE ALIAS JOHNSON NWAEKWE	K/EFCC/30/2014	Obtaining money by false pretence	3/12/2014	HCT 9 Kano	Justice Yusuf M. Ubale	30/12/2014	Sentenced to 3years Imprisonment or an option of Fine of N50,000.00 for count 1. And 1year Imprisonment or an option of Fine of N25,000.00 in respect of count 2. The convict was also ordered to refund the sum of N235,000.00 to the victim.
37	BLESSING CHINENYENWA OKWARA	ID/17C/2008	OBT, personation and forgery	2008	Lagos State High Court, Igbosere	Justice M.O. Obadina	9/1/2014	The defendant was sentenced to two (2) years imprisonment for forgery. The sentence is to run concurrently defendant to reititute the sum of N 4,380,000.00 to the victims.
38	ADEFIOYE ADEGBOYE	ID/55C/2003	Forgery of National Drivers' license	27/02/2013	Lagos State High Court, Igbosere	Justice Jose	13/01/2014	Sentenced to a term of one and half years imprisonment
39	(1) OLUWADARE SUNDAY (2) JOHN GBADEBO (3) SUNDAY OLEKUNLE (4) AWE RAPHAEL OLATUNBOSUN (5) LAIDE AVEN (6) ERNEST OKOH	ID/32C/2004	Stealing and Conspiracy	3/3/2004	Lagos State High Court, Igbosere	Justice M.O. Obadina	15/01/2014	The 2nd and 3rd defendant were convicted for conspiracy, stealing and forgery and sentenced to 2 years imprisonment. 4th defendant was discharged and acquitted of all the offences. 5th defendant had pleaded guilty in 2009 and has since been convicted and sentenced.
40	DAMILIOLA EKUNDAYO	ID/231C/2013	Forgery	7/5/2013	Ikeja High Court,	Hon. Justice Ipaye	28/01/2014	The defendant was sentenced to a year and 6 months imprisonment commencing from the date of his arrest, 4th of June, 2013 and the prison term to be served at Ikoji Prison
41	(1) MOHAMMED UBALÉ (2) AHMED JALLO	ID/212C/2012	Stealing and Conspiracy	2/11/2010	Lagos State High Court, Ikeja	Justice Adeniyi Onigbanjo	30/01/2014	1st defendant was convicted for stealing and sentenced to two (2) years imprisonment. 2nd defendant was convicted for receiving of stolen property and sentenced to 3 years imprisonment. Their sentences are to run concurrently with effect from 30/01/2014. No order of restitution as the nominal complainant Ah. Kawule Mohammed informed the Court that he had forgiven the defendants and was no longer interested in the money stolen from him.
42	MARTINS BENSON	ID/172C/2013	Conspiracy to steal, attempt to steal and stealing.	22/05/2013	High Court, Ikeja	Hon. Justice Ogunsanya	6/2/2014	The defendant was charged for attempted ,conspiracy to steal and stealing and was convicted and sentenced to 1year imprisonment with effect from the date of arraignment(1/7/13)
43	ADELABU KOLAWOLE	ID/230C/2013	Possession of fraudulent documents, OBT	22/07/2013	High Court, Ikeja	Hon. Justice Ogunsanya	10/2/2014	The defendant was arraigned on a 3 count amended information and was sentenced to a year imprisonment on counts 1 and 2 bordering on possession of fraudulent document and 2 years imprisonment on count 3 bordering on obtaining money by false pretence. The sentence are to run concurrently from the date of remand 12/11/2013
44	ADEBAYO OKHIO	ID/164C/2009	Conspiracy to steal, attempt to steal and stealing.	12/12/2009	High Court Ikeja	Hon. Justice Adeniyi Onigbanjo	18/2/2014	The defendant was arraigned on 12 counts amended information and was sentenced to 3 years imprisonment. The sentence are to run concurrently from the date of arraignment 12/11/2013
45	ADEYINKA AJIBOYE	KWS/56C/2011	Theft and criminal Breach of Trust.	Aug-12	Kwara State High Court	Hon. Justice Mahmud Abdul-Gatar	11/2/2014	The accused person was convicted and sentenced to 3years imprisions without option of fine commencing from 11th day of Feb. 2014. The court also made a consequential order of forfeiture of the accused person's property at Tanke Akata village Ilorin to the Guaranty Trust Bank Plc the victim of the offence, to reititute the sum of N10,000,000.00 to GTBank
46	SEUN JAMIU ODUNAYO	ID/149C/2012	Fraudulent false accounting of the records of Skye Bank Plc	16/8/2012	High Court Ikeja	Hon. Justice Akinlade	17/02/2014	The defendant was convicted, sentenced to 3years imprisonment without an option of fine, sentence from the date remand 1st November, 2012, defendat's uncompleted 3 bedroom bungalow at Bisontin in Okpadamuwe Ogun State to be forfeited to the complainant as restitution

47	CHINEDU ONUIGBO	ID/141C/2012	OBT and issuance of dishonoured cheque	8/10/2012	High Court, Ikeja	Hon. Justice Akinlade	19/02/2014	The defendant was convicted on a 4 count charge and sentenced to 6 months imprisonment and the team to run concurrently on each count. Defendant has fully restituted the victim
48	ADEDOYE ADEBOYE OMOTOSHO BABATUNDE	ID/402C/2013	Conspiracy, Forgery and Possession of documents	13/6/2013	High Court, Ikeja	Hon. Justice Ipaye	27/02/2014	The defendants were sentenced to 1 and half years imprisonment commencing from 1st day of arraignment.
49	CHRISTOPHER CLEMENT VICTOR AKUSHODE	LCD/393C/2013	Conspiracy to defraud, stealing and attempt to obtain	13/11/2013	High Court of Lagos Igbosere	Hon. Opefanwo	17/03/2014	The defendants were convicted and sentence to 6 months imprisonment commencing from the date of conviction (17/3/2014). He has fully restituted the whole to the victim.
50	MALIK AMZAT AND NOIMAT AMZAT	AB/EFCC/01/2011	Stealing N8,390,788.53 from Ogun State Staff Salary Acct, Ogun State Police Salary Acct and Ogun State Universal Basic Education Staff Salary Acct.	9/6/2011	High Court of Ogun State Abeokuta	Hon. Justice Lamina	26/03/2014	The 1st defendant was convicted and sentenced to 2 years imprisonment. Option of fine of N100,000.00 on all counts
51	OKIEMUTE AGGREY	ID/259C/2013	Stealing	22/7/2013	High Court of Lagos, Ikeja	Hon. F.S. Ogunsonya	15/01/2014 and 20/01/2014	The defendant was sentenced to 6 months imprisonment. Defendant to pay sum of N1,500,000.00 to complainant
52	ADEBOWALE RASAQ OLAMILEKAN	ID/34C/2012	Conspiracy, Stealing, forgery and Uttering.	9/3/2012	High Court Lagos	Hon. Akinlade	28/1/2014	The defendant was sentenced to 5 years imprisonment without the option of fine, on each count, he was however acquitted of count 1 (Conspiracy). The sentencing is to run concurrently with effect from the 14th of June, 2012 when he was arraigned. Court ordered that the sum of N200,000.00 recovered from the defendant be given to complainant as restitution
53	ADE ADEFOYE	FHCL/86C/2013	False declaration of assets	4/4/2013	Federal High Court, Lagos	Hon. Justice Seidu	1/4/2014	The defendant was sentenced to 6 months imprisonment commencing from the day of conviction. Court also ordered that the Toyota Camry with Reg. No. LSD640AV be forfeited to the Federal Republic of Nigeria.
54	HASSAN ODUMBONI	LCD/14/2013	OBT and possession of fraudulent documents containing false pretence	21/1/2013	High Court Lagos	Hon Justice Opefanwo	15/4/2014	The defendant was convicted and sentenced to 6months imprisonment commencing from the day of conviction on each count. Sentence to run concurrently.
55	NASIR SHEHU	ID/134C/2011	Conspiracy to steal	6/4/2011	Lagos State High Court	Hon. Justice Akinlade	15/4/2014	The defendant was convicted and sentenced to 6 months imprisonment without an option of fine on the 1st count and 6 years imprisonment without an option of fine on the second count. Sentence to run concurrently on each count.
57	AYINLA YUSUF NIFEMI	ID/295C/2013	Possession of fraudulent documents	30/8/2013	High Court of Lagos State	Hon. Justice K. Jose	26/5/2014	The Court convicted and sentenced the defendant to one year imprisonment for each count. The sentencing is to run concurrently with effect from the 25th November, 2013 when the defendant was first arraigned. Sum of N2,769,501.07 in his First Bank account be forfeited to the victim as restitution. Sentencing is to run concurrently with effect from 25/11/2013 when the convict was first arraigned.
58	MOHAMMED ALI	ID/71/2010	Stealing	4/8/2010	High Court of Lagos State, Ikeja Division	Hon Justice Onigbanjo	4/6/2014	The Court convicted and sentenced the defendant to 2 years imprisonment with hard labour. The sentencing is to take effect from the 4th June, 2014 when the defendant was first arraigned.
60	OLUWASEYI BANKOLE	ID/232C/2013	Possession of fraudulent documents and OBT	4/7/2013	High Court, Ikeja, Lagos State	Hon. Justice Ipaye	16/6/2014	The Court convicted and sentenced the defendant to one year imprisonment. The sentencing is to take effect from the 3rd of June, 2013 when the defendant was first arrested.
61	NNAILO HYACEITH CHINEDU	ID/5C/2012	Attempt to Obtain and OBT	18/2/2012	High Court, of Lagos State, Ikeja Division	Hon. Justice Baigun	18/6/2014	The Court convicted and sentenced the defendant to 3 and a half years imprisonment without option of fine with effect from the date of remand.
62	OLANREWAJU IBRAHIM	ID/319C/2013	Stealing	17/9/2013	High Court, Ikeja of Lagos State	Hon. Justice Opefanwo	25/6/2014	The Court convicted and sentenced the defendant to 6months imprisonment without option of fine with effect from 27th June, 2014 and to return N100,000.00 and the sum of N200,000.00 already refunded be given to the victim as restitution
63	OLWOFELA TOLUWALASE	ID/241C/2013	Possession of fraudulent documents, forgery and OBT	17/7/2013	High Court, Ikeja of Lagos State	Hon. Justice Jose	3/6/2014	The Court convicted and sentenced the defendant to one year imprisonment. The sentencing is to take effect from the 3rd of June, 2013 when the defendant was first arrested.
64	SAMUEL ABIDAKUN	ID/258C/2013	Stealing, Conspiracy And Forgery	17/7/2013	High Court, Ikeja of Lagos State	Hon. Justice S.S. Ogunsonya	3/7/2014	The Court convicted and sentenced the defendant to varying prison terms of 12months to 24months to run concurrently. The sentencing is to take effect from the 15th of November, 2013 when the defendant was committed to prison custody.
65	LANIYAN SARAFADEN BOLATITO	I/1EFCC/2009	Stealing	6th June 2009	High Court, Oyo State.	Hon. Justice S.A. Akinloye	2/6/2014	The court convicted the defendant and sentenced him to 3 years imprisonment on each count without option of fine. Sentencing to run concurrently from the date of judgment.
66	FUNSHO BABATUNDE OLADIMEJI	ID/482C/2014	Unlawful Possession of Counterfeit Currency	28/2/2014	Lagos High Court Ikeja	Hon K.A. Jose	11/9/2014	The Court convicted and sentenced the defendant to 8 months imprisonment for each count. Sentence to run concurrently.
67	OLOMOSU KOLA	ID/58c/2014	Obtaining money by false pretence	Jun-14	Lagos High Court, Ikeja	Hon Justice J.O Jose	10/9/2014	The defendant was convicted to 1 year imprisonment with effect from 3rd of April 2014 when the defendant was first arrested.
68	OLUWATOSIN OLAYEMI	ID/235C/2013	Possession of Fraudulent document and OBT.	7/4/2013	Lagos State High Court.	Hon. Justice L.B. Lawal-Akapo	3/9/2014	The defendant was convicted to 1 year imprisonment on the 3rd Sept. 2014 commencing from the date he was remanded in prison custody. Sum of N80,000.00 already refunded be given to the complainant as restitution
69	NTEPH JOHN SUNDAY	ID/582c/2014	Obtaining money by false pretence.	Jun-14	High Court Ikeja	Hon Justice Jose.	10/9/2014	The defendant was convicted to 1 year imprisonment on the 3rd Sept. 2014 commencing from the date he was remanded in prison custody.
70	EMMANUEL UBAMEN	ID/238C/2013	Possession of fraudulent documents and obtaining money by false pretence	12/7/2013	Lagos State High Court Ikeja	Hon. Justice L.B. Lawal - Akapo	9/10/2014	The defendant was convicted to 1 year imprisonment commencing from the date he was remanded in prison custody by the honourable court being 25th of November, 2013 N45,000 be given to the victim as restitution.

71	FOLKE IDAYAT KOYO AND FOLK INTERNATIONAL VENTURE NIGERIA LIMITED	ID/105C/2013	Issuance of dud cheques	10/4/2013	Ikeja High Court,	Hon. Justice Ipaye	3/10/2014	The 1st defendant being alter ego of the 2nd defendant, the Honourable court convicted the 2nd defendant and sentenced it to a total fine of N1million. The Company to be wound up and lots assets forfeited to FCN.
72	RAHEEM MOHAMMED ABIODUN	ID/666C/2014	Possession of fraudulent documents	8/5/2014	High court Ikeja	Hon Justice Jose.	16/10/2014	The defendant was convicted and sentenced to 8 months imprisonment commencing from 17th April, 2014 being the date he was brought to the Commission
73	FISAYO AJIBOLA	ID/233C/2013	Possession of fraudulent documents	5/7/2013	High Court Ikeja	Hon Justice Ipaye	27/11/2014	The defendant was convicted and sentenced to one year imprisonment commencing from the date of judgement i.e 27/11/2014
74	AKINYERA AKINTAYO	ID/633C/2014	Possession of fraudulent documents	5/5/2014	High Court Ikeja,	Hon Justice S.S Ogunsoya	6/11/2014	The defendant was convicted and sentenced to 3months imprisonment commencing from the date of conviction
75	ADEDIGBA RIDWAN	ID/583C/2014	Possession of fraudulent documents	11/4/2014	High Court Ikeja	Justice Jose	30/10/2014	The defendant was convicted and sentenced to 6months imprisonment commencing from the day of conviction without Option of fine.
76	OLAKUNLE AKANNI, DELE OSHUNTOGUN, ADESINA AKINSOLA	ID/103C/2013	Fraudulent invitation, Conspiracy to obtain money by false pretences, OBT and Forgery	22/3/2013	High Court Ikeja	Hon Justice L.B. Lawal Akapo	4/11/2014	The 1st and 3rd defendants were convicted sentenced to 1 year imprisonment commencing from the date of judgement being 4/11/2014 while 2nd defendant was sentenced to one year imprisonment on 9/12/2014.
77	IFEANYI OBI	ID/187C/2013	Conspiracy to obtain money under false pretence.	28/10/2013	High Court Ikeja	Hon Justice Lawal Akapo	4/11/2014	The defendant was sentenced to 1 year imprisonment without option of fine with effect from the 4th of November, 2014
78	AUGUSTINE AFAGIMOH& WATER INNOVATION ENTERPRISES	LCD/3/2012	Conspiracy to steal and attempt to steal	27/11/2014	High Court of Justice, Lagos Division.	Hon Justice Candide-Johnson	28/11/2014	The defendant was sentenced to 3months imprisonment while Water Innovation Nigeria Enterprises used in defrauding UBA Plc be attached to the tune of N42 million naira.
79	BENJAMIN SEGUN BRIGHT	ID/89C/2012	Stealing	7/6/2012	High Court Ikeja	Hon Justice Ipaye	15/12/2014	The defendant was sentenced to 2 years imprisonment on each count. No order for restitution.
80	KINGSWILL CHIKEZIE & KEBROY SHELTER DEVELOPMENT LTD	AB/EFCC/101/13	Conspiracy, Stealing and issuance of dud cheque	9/11/2013	High Court Abeokuta	Hon. Justice A.A. Akinyemi	15/12/2014	The Defendants were sentenced to 7 years and 3 years respectively and the 2nd accused was also ordered to pay the sum of N5million to the victims
81	PASTOR GLORY ABREFERA, REVEREND VINCENT OKPOGO & MUSTARD SEED MICRO INVST LTD	A/EFCC/1C/2012	Conspiracy and Stealing	6th April, 2013	High Court Warri Delta State.	Hon. Justice Ohwo	10/12/2014	The defendants were sentenced to 7 years imprisonment with hard labour
82	NTUEN PROMISE EKEMINI	ID/318C/2014	Attempt to steal	23/1/2014	Lagos High Court Ikeja	Hon J.K. Jose	18/12/2014	The defendant was convicted and sentenced to 1 year imprisonment
83	JAMES AMOCHI ETTETE & 1 OTHER	ID/2C/2014	Conspiracy, attempt to commit a felony, stealing, forgery and use of false documents	5/5/2014	High Court Ikeja	Hon Justice Ipaye	18/12/2014	The convicts were sentenced to two years imprisonment.
84	OKEDEJIO KABIRU	ID/243C/2014	Possession of fraudulent document	24/4/2014	High Court Ikeja	Hon. Justice Lawal Akapo	19/12/2014	The defendant was convicted on 11 count and sentenced to 2yrs on each counts all to run concurrently from the date of sentence.
85	DR. REMI FOLORUNSHO	ID/IC/2011	Forgery and Uttering	6/1/2011	Lagos State High Court Ikeja.	Hon. Justice Okunnu	29/12/2014	The defendant was convicted and sentenced to 1 year imprisonment.
86	AR DAWAKI & MUHD CHUBADO	FHC/GM/21C/2009	Counterfeit Naira Notes	30/1/2009	FHC Gombe	Hon Justice B.O Quadri	15/1/2014	2nd Accused person is convicted to 1 year without option of fine.
87	HABILA MAMMAN (MUSA MUHD)	FHC/GM/5C/2014	Conspiracy and obtaining by false pretence	23/1/2014	FHC Gombe	Hon Justice B.O Quadri	29/1/2014	Accused person convicted and sentenced to 7years
88	HABILA MAMMAN (LUKA AUDU)	FHC/GM/6C/2014	Conspiracy and obtaining by false pretence	23/1/2014	FHC Gombe	Hon Justice B.O Quadri	29/1/2014	Accused person convicted and sentenced to 7years
89	LUKA AUDU	FHC/GM/7C/2014	Conspiracy and obtaining by false pretence	23/1/2014	FHC Gombe	Hon Justice B.O Quadri	29/1/2014	Accused person convicted and sentenced to 7years
90	SULEIMAN ALIYU	TRSJ/48C/2011	Criminal breach of trust	13/6/2011	SHC Jalingo	Hon Justice Philibus Andetur	14/2/2014	Accused person convicted & sentence to 14yrs imprisonment
91	ISMILA MOHAMMED	FHC/BAU/28C/2014	Counterfeit US Dollar bills	27/2/2014	FHC Bauchi	Hon Justice M G Umar	3/6/2014	Accused person convicted and sentenced to 3years
92	ABUBAKAR DAN-INNA ALIAS GONI BUKAR	FHC/GM26C/2014	Obtaining by false pretence and invocation of diabolic power	30/09/2014	FHC Gombe	Hon Justice B.O Quadri	24/3/2014	Accused person convicted and sentenced to 2years with hard labour
93	SHUAIBU MOHAMMED	FHC/BAU/27C/2014	Counterfeit naira notes	27/2/2014	FHC Bauchi	Hon Justice M G Umar	3/6/2014	Accused was convicted and but Sentencing is delayed due to authenticity of Naira note request by the Judge.
94	AHMADU ADAMU	FHC/BAU/44C/2014	Obtaining by false pretence and countefiting US dollars	5/5/2014	FHC Bauchi	Hon Justice M G Umar	5/8/2014	Accused convicted for 5/7years on count 1&2 respectively without fine to run concurrently
95	IBRAHIM NAYAYA	FHC/JOS/16C/2013	Obtaining by false pretence	4/24/2013	FHC JOS	Hon Justice Ambrose Alagwa	5/27/2014	Accused convicted and sentenced to 2years with option of fine #500,000.00
96	KALIL AHMAD BAPPA	FHC/GM/27C/2014	Counterfeit naira notes	3/31/2014	FHC Gombe	Hon Justice M G Umar	6/24/2014	Accused convicted for 12months for count 3&4 each resp. Sentence to run concurrently from date of arrest
97	HAMIDU ALI	TRSJ/51C/2011	Criminal breach of trust by public servant	7/27/2011	SHC Jalingo	Hon Justice Philibus Andetur	10/27/2014	Convicted for 3yrs on each count to run concurrently.
98	BELLO MOHAMMED	FHC/BAU/20C/2014	Counterfeit naira notes	2/11/2014	FHC Bauchi	Hon Justice M G Umar	12/3/2014	1st Accused convicted to 2 years on count 2 & 3 and 1 years on count 3 & 4 to run concurrently
99	MONDAY AGHA & 3 OTHERS	FHC/EN/CR/15/2013	Conspiracy and Impersonation	April 8th, 2013	FHC 1 Enugu	Justice M.I. Shuaibu	January/17 th/2014	Sentenced to 7 years imprisonment
100	NWANKWO IKECHUKWU, CHUKWUYER SUNDAY	FHC/EN/CR/34/2013	Forgery	May/22nd/2013	FHC 2 Enugu	Justice Agishi	January/27 th/2014	Convicted and sentenced to 3 months imprisonment without an option of fine
101	ENOMA KELVIN, OMORODION BRIGHT UYI, IRIHOGBE CHARLES EHSI, OMORODION BRIGHT	FHC/B/95C/2013	Impersonation and Obtaining by false pretence	October/19th/2013	FHC 1 Benin City	Hon. Justice A.M. Liman	February/5th/2014	Convicted and sentenced to years imprisonment without option of fine

102	GIFT ONYEGAM & 3 OTHERS	FHC/EN/CR/38/2013	Conspiracy and Obtaining by false pretence	June/6th/2013	FHC 1 Enugu	Justice M.I. Shuaibu	February/24th/2014	Convicted and sentenced to 10 years without an option of fine on 24th february, 2014
103	JOSEPH OKORO	FHC/EN/30C/2009	Obtaining by false pretence	June/25th/2009	FHC 1 Enugu	Justice M.I. Shuaibu	February/24th/2014	Convicted and sentenced to 7 years imprisonment without an option of fine
104	ALOZIE DAVID	A/7C/2011	Issuance of dud cheque	May/5th/2011	SHC Aba	Justice T.U Uzokwe	March/26th/2014	Convicted and sentenced to seven (7) years imprisonment without an option of fine and the convict to restitute the sum of N10,517,940.00 to the victim and to pay the sum of N5,000,00.00 on count 1 of the charge
105	EGBEARO FRIDAY, AKPAIBOR SAMSON	FHC/B/58C/2013	Obtaining by false pretence	April/26th/2013	FHC Benin	Hon. Justice A.M. Liman	May/28th/2014	Convicted and sentenced to 7 years imprisonment without an option of fine
106	CHIMEZIE OKERE KINGSLEY	E/269/2014	Conspiracy and Stealing	10/10/2014	SHC Enugu	Hon. Justice Onovo	10/10/2014	3 years on count one and two years on count two with options of fine of N20,000 and N15,000 respectively
107	ECHANJU EIJIKE	FHC/EN/63C/2014	Conspiracy, Forgery and Obtaining by false pretence	20/10/2014	FHC Enugu	Hon. Justice D. V. Agishir	20/10/2014	Two Months Imprisonment
108	VINCENT ODIONU	FHC/A1/40C/2014	Obtaining cheque unlawfully	19/9/2014	FHC Abakaliki	Hon. Justice A. Onyetenu	9/12/2014	Two years imprisonment with option of two hundred thousand naira
109	AKINSEHINDE BABATUNDE	FHC/PH/334C/2012	Advance Fee Fraud.	15/11/2012	Federal High Court 4 PH	Hon. Justice S.A. Nganjwa	20/1/2014	Sentenced to five year imprisonment
110	(1) LUCKY OKERIE (2) ANDREW ANTHONY (3) KADRI ALOYSIOUS (4) JAMES AKER	FHC/B/40C/2013	Conspiracy and Illegal Dealing in Petroleum Products.	21/2/13	Federal High Court 1 Benin,	Hon. Justice A Liman	25/3/14	Sentenced to two year imprisonment, Ford bus with Reg. No. DF 637 BEN loaded with about 80 units of 50 litres of AGO forfeited to the FGN
111	LARRY EDONWONYI	FHC/B/16C/2013	Advance Fee Fraud.	29/1/13	Federal High Court 1 Benin,	Hon. Justice A Liman	31/3/14	Sentenced to three year imprisonment
112	GIDEON NUKA VOPNA	FHC/PH/28C/2011	Conspiracy and Illegal Dealing in Petroleum Products.	16/3/11	Federal High Court Port Harcourt,	Hon. Justice M. Onyetenu	14/4/14	Sentenced to two year imprisonment, truck and content forfeited to the FGN
113	(1) IKECHUKWU OKAFOR (2) EZE EMEKA (3) PASCHAL STEVEN ABONYI (4) CHIGOZIE UMENSOFO (5) BESTMAN OTTO	FHC/PH/159C/2011	Conspiracy and Illegal dealing in petroleum products.	14/11/2011	Federal High Court 1 PH,	Hon. Justice Akanbi	2/4/2014	Sentenced to two year imprisonment, 18 drums of AGO forfeited to the FGN
114	1. MOHAMMED YUSUF 2. ADAMU MANSUR 3. SANI RABIU 4. MURTALA MOHAMMED 5. YAHAYA USMAN 6. IDRIS ABUBAKAR 7. YAHYAMOHAMMAD 8. IBRAHIM HASSAN 9. HAMISU KAMBA 10. AMINU IBRAHIM 11. IBRAHIM AHMED	FHC/B/39C/2012	Forgery Conspiracy and Dealing in petroleum product	27/3/2012	Federal High Court 1 Benin,	Hon. Justice A Liman	20/5/14	6th and 8th Accused Persons convicted on Count 4 only and sentenced to 3 years imprisonment each from date of arrest without an option of fine. 1st, 2nd, 3rd, 4th, 5th, 7th, 10th and 11th Accused Persons discharged on count 1, 2 and 3 excluding the deceased 9th Accused person
115	1) ADESA LUCKY RUTE (aka PETER ANDERSON, ERIK STERN, ADOLPHUS KLEMENS, LUDWIG VAN & LARRES MARTEN) 2) DANICE OSAGIE	FHC/B/20C/2013	Internet scam	1/31/2013	Federal High Court 2 Benin,	Hon. Justice P.I. Ajoku	2/6/2014	Accused persons sentenced to three years imprisonment without an option of fine
116	SHEDRACK OFOSE	FHC/W/57C/2013	Illegal Dealing in Petroleum Products.	2/22/2013	Federal High Court Wam,	Hon. Justice Mohammed Abubakar	7/4/2014	Accused person sentenced to six months imprisonment without an option of fine, Ford bus & product forfeited to FGN
117	ELOGHOSA OCKIABOR	FHC/B/25C/2013	Internet scam	31/01/2013	Federal High Court 2 Benin,	Hon. Justice P.I. Ajoku	24/9/14	Accused person sentenced to two year imprisonment on count 1 & 3 without an option of fine
118	PETER SUNDAY	FHC/B/15C/2013	Conspiracy and Illegal Dealing in Petroleum Products.	31/01/2013	Federal High Court 2 Benin,	Hon. Justice P.I. Ajoku	24/9/14	Accused person sentenced to two year imprisonment without an option of fine
119	OTOKO M. OWON & ANOR	FHC/PH/345C/2012	Advance Fee Fraud.	12/12/2012	Federal High Court 1 PH,	Hon. Justice Akanbi	9/7/2014	Accused persons sentenced to three years imprisonment without an option of fine
120	SUNDAY EZE	FHC/PH/346C/2012	Illegal Dealing in Petroleum Products.	12/12/2012	Federal High Court 1 PH,	Hon. Justice Akanbi	10/7/2014	Accused person sentenced to seven years imprisonment without an option of fine
121	IBIBA JACK	FHC/PH/141C/2007	Obtaining Money Under False Pretences.	13/6/2007	Federal High Court PH,	Hon. Justice Akawa R.M.	29/10/2014	Accused person sentenced to thirteen years imprisonment without an option of fine and restitution to the two victims in sum of N28,550,000
122	IBIBA JACK	FHC/PH/149C/2007	Obtaining Money Under False Pretences.	18/6/2007	Federal High Court PH,	Hon. Justice Akawa R.M.	13/02/2014	Accused person sentenced to seven years imprisonment without an option of fine and restitution to the two victims in sum of N29,700,000
123	SULEIMAN ABDUL	PH/30C/2012	Illegal dealing in petroleum product	3/14/2012	Federal High court PH	Hon. Justice M. Onyetenu	13/1/2014	Accused sentenced to two years imprisonment with hard labour without an option of fine.
124	PAPA OGBODU & 4 OTHERS	FHC/B/90C/2012	Conspiracy and Illegal Dealing in Petroleum Products.	28/9/2012	Federal High Court, Benin	Justice Ajoku	14/2/14	Sentenced to 3 years without option of fine, vehicles and products forfeited to the FGN
125	GEOFFREY OBIOHA	FHC/PH/77C/2009	Conspiracy and Illegal Dealing in Petroleum Products.	24/09/2009	Federal High Court PH,	Hon. Justice A Onyetenu.	27/11/2014	Accused person sentenced to four year imprisonment, Mercedes Benz truck with Reg no. AG 601 ABA and content forfeited to the FGN
126	SAILESH KUMAR SINGH & 11 OTHERS	FHC/YNG/7C/2013	Dealing in petroleum products	18/1/2014	Federal High Court Yenagoa	Hon. Justice L. Akanbi	5/8/2014	Each accused sentenced to fifteen years imprisonment without an option of fine.

**Appendix F****Calculation of *Amount of Currencies Value Recovered by EFCC from January 2003 – March 2013***

This figure is arrived at using currencies conversion rates of 5 March 2015 as a basis of calculations. Though the proportion that came from AFF related crime is unknown, the entire amount of the currencies recovery is categorised under proceeds of crime originated from financial crime.

A. Dollas – \$321,137,596.63 X \$1	= \$321,137,596.63
B. Naira – N497,482,158,293.27 X \$0.0063	= \$3,134,137,597.00
C. Euro – €32,106,510.40 X \$1.322	= \$42,444,806.70
D. Pounds – £1,252,974.00 X \$1.554	= \$1,947,121.60
E. Riyals – R350,000.00 X \$0.2667)	= \$93,450.00
F. <b>Grand Total - (A+B+C+D+E)</b>	<b>= \$3,499,760,572.00</b>

## Appendix G

### *Law enforcement, prosecution and other competent authorities that collaborate with NIFU in intelligence sharing*

	Institutions	Law enforcement
1.	<b>The Economic and Financial Crimes Commission (EFCC)</b>	The Economic and Financial Crime Commission was established in December 2002 by the Economic and Financial Crime Commission (Establishment) Act, 2002. Section 6(b) and (c) of the EFCC Act empowers the Commission as the overall coordinating agency for efforts and actions pertaining to the investigation and prosecution of all offences connected with, or relating to economic and financial crimes in Nigeria. To this end, the EFCC has powers to enforce money laundering, financing of terrorism and other trans-national crimes.
2.	<b>National Drug Law Enforcement Agency (NDLEA)</b>	National Drug Law Enforcement Agency Act CAP 253 LFN 1990 established the NDLEA. The NDLEA Act domesticated the 1988 UN Convention against illicit traffic in narcotic drugs and psychotropic substances after ratification by Nigeria. In addition to its principal mandate of drug enforcement, the NDLEA also has powers to enforce money laundering offences arising from illicit traffic in narcotic drugs and psychotropic substances. The NDLEA is vested with some powers similar to those of the EFCC, but <b>limited only</b> to cases relating to laundering of proceeds of illicit traffic in narcotic drugs and psychotropic substances. The Agency has a department that is responsible for recovery of assets derived from laundering the proceeds of narcotic drugs. The Agency pursues its objectives through concerted efforts within Nigeria as well as international collaboration both at bilateral and multilateral levels.
3.	<b>The Department of State Services (DSS)</b>	The DSS was established by the National Security Agencies Act, CAP 278 LFN 1990. Section 2(3)(a-c) provides that the responsibility of the Agency shall include the prevention and detection in Nigeria of any crime against the internal security of Nigeria; protection and preservation of all non-military classified matters covering the internal security of Nigeria; and such other responsibilities, affecting the internal security of Nigeria. The DSS is also responsible for the prevention and investigation of terrorist acts.
4.	<b>Independent Corrupt Practices and Other Related Offences Commission (ICPC)</b>	The Corrupt Practices and Other Related Offences Act 2000 established the ICPC. The Act prohibits and prescribes punishment for corrupt practices and related offences. Section 6 of Act provides that it shall be the duty of the Commission where reasonable grounds exist for suspecting that any person conspired to commit or has attempted to commit or has committed an offence under this Act or any other law prohibiting corruption, to receive and investigate any report of conspiracy to commit, attempt to commit or the commission of such offence and in appropriate cases to prosecute such offenders. The Commission is empowered to trace, seize, freeze, confiscate and forfeit all proceeds of corruption and related offences.
5.	<b>The Nigeria Police Force (NPF)</b>	The Nigeria Police was established by the Police Act as amended in 1990. The Nigeria Police has the following responsibilities: (1) prevention and detection of crime; (2) the apprehension of offenders; (3) the preservation of law and order; (4) the protection of life and property; and (5) the enforcement of all laws and regulations with which it is charged as may be required under the authority of the law establishing it.



6.	<b>The Code of Conduct Bureau (CCB)</b>	The Code of Conduct Bureau (CCB) was established under Section 153 and is empowered by the third and fifth schedules of the Constitution to receive assets declarations by public officers; examine the declaration; retain custody of such declarations and make them available for inspection by any citizen of Nigeria on such terms and conditions as the National Assembly may prescribe.
<b>Ministries and Coordinating Committees</b>		
1.	<b>Federal Ministry of Finance (FMF):</b>	The FMF has responsibility for economic and fiscal policies <sup>8</sup> . The FMF works in close collaboration with all the major players involved in AML/CFT in the country. It is responsible for the coordination of policy issues in relation to the coordination of AML strategies in Nigeria. The FMF's efforts to tightly regulate monetary and fiscal policy, together with the CBN, have led to stabilization of the value of the Naira and to the virtual elimination of the black market exchange rate. This is to the direct benefit of the country and will reduce the use of cash for transaction.
2.	<b>The Ministry of Justice (MOJ):</b>	<p>The MOJ is the ministry responsible for administration of justice in the country. The Minister of Justice and the Attorney General of the Federation is the head of the Ministry. He provides legal advice to the President and all government agencies on all government business. The National Planning Commission, which is now headed by a Cabinet Minister, is responsible for economic planning and advisory services to the Presidency. With regard to general civil and criminal prosecution, the lawyers from MOJ are posted to government agencies to advise and take charge of prosecution under the guidance of the AG. The position of the Attorney General (AG) and Minister of Justice is created by virtue of Section 150 of the Constitution of Nigeria, 1999. Most Nigerian law enforcement agencies derive their powers of prosecution from the inherent powers of the Minister of Justice, while still maintaining their operational independence as provided in the laws establishing them. They include the EFCC, ICPC, NDLEA, National Agency for Trafficking in Persons (NAPTIP), National Human Rights Commission (NHRC), and Police. However, some agencies do not have powers to prosecute criminal cases, including the DSS, NIA, NCS, and Nigerian Immigration Service (NIS) hence, they are required to forward reports of criminal investigations to the MOJ for further review, advice and possible prosecution.</p> <p>110. The AGF is supported by professional staff, including the Solicitor General of the Federation (SGF) who is also the Permanent Secretary in the MOJ. He reports to the AGF and Minister of Justice. The MOJ also consists of specialized departments, including the Department of Public Prosecution (DPP), Department of Civil Litigation; the Department of International and Comparative Law; the Department of Citizens' Rights; and the Department of Legal Drafting. All the departments are headed by Directors who report to the Minister through the SGF. The MOJ has its headquarters in Abuja. It also has zonal offices in Lagos, Enugu, Maiduguri, Port Harcourt, Jos, and Kano.</p>
3.	<b>The Ministry of Interior:</b>	<p>The Federal Ministry of Interior has the major responsibility of ensuring and maintaining the internal security of the nation. It therefore has statutory responsibility for the formulation and implementation of policies and programmes on the following:</p> <p>Granting of Nigerian citizenship; Prisons; Immigration and visa; Seamen's identity card/certificate; Passport and travel documents; National flag and national coat of arms; Permit for foreign participation in business; Movement of aliens in the country; Repatriation of aliens; Relations with civil defense; and National identity card.</p>

4.	<b>Ministry of Foreign Affairs:</b>	The Ministry of Foreign Affairs is responsible for the formulation, articulation and implementation of Nigeria's Foreign Policy and External Relations. In this connection, it is also involved in efforts and actions against terrorism. It supports the other agencies in the implementation of relevant UNSC Resolutions, including Resolutions 1267 and 1373 by disseminating such resolutions to the relevant organs of government and monitoring progress in the implementation of these Resolutions.
5.	<b>The Nigeria Customs Service:</b>	The Customs and Excise Management Act, CAP 84 (LFN 1990 (CEMA) established the Nigeria Customs Service (NCS). The Nigeria Customs Service is charged with the duty of controlling and managing the administration of the Customs and Excise laws. The NCS collects the revenue of Customs and Excise and accounts for same in such manner as may be provided for by the relevant legislation. The Nigeria Customs Service is responsible for implementing Government fiscal policies as they relate to the import and export regime. It is also the responsibility of the NCS to examine imports and exports into and out of the country. It has powers to regulate the operations at the sea and airports and to restrict the movement of goods into and out of Nigeria by land, water-ways and by air, including examining and inspecting any ship or aircraft bringing goods into the country or out of the country
		<i>Financial sector bodies – government</i>
1.	<b>The Central Bank of Nigeria (CBN):</b>	The CBN as the apex financial regulator plays a pivotal role in the regulation and supervision of the financial sector with respect to money laundering laws. It has responsibility for the supervision of the banks and other financial institutions that make great impact on the Nigerian economy. The CBN supervisory roles are guided by the following, among others: the Banks and Other Financial Institutions Act, 1991; Monetary Policy Circulars; The Guidance Note on ML of 1995; The Know Your Customer Directive of 2001; The Know Your Customer Manual (KYCM), 2002; and The Account Opening Requirements
2.	<b>The National Insurance Commission (NAICOM):</b>	is responsible for regulatory/supervisory oversight in the Nigerian Insurance Industry. The Commission regulates, supervises, controls, and ensures effective administration of regulated entities in the insurance sector. NAICOM is guided in its supervisory responsibilities by the following: the National Insurance Commission Act, 1997; The Insurance Act, 2003; The Insurance Industry Policy Guidelines, 2005; Know Your Customer Guidelines for Insurance Institutions. Institutions operating in the Nigerian Insurance sector are by the provisions of sections 3, 4, 36 and 45 of the Insurance Act 2003, registered with the NAICOM.
3.	<b>The Securities and Exchange Commission (SEC)</b>	SEC is the apex regulatory and supervisory authority of the Nigerian capital market. The Investment and Securities Act (ISA) 1999, in section 8, grants the SEC powers to inter alia, regulate investments and securities in Nigeria, protect the integrity of the securities market against abuses arising from activities of the operators and prevent fraudulent and unfair trade practices in the securities industry. In the performance of its regulatory and supervisory functions, SEC applies the following laws, rules and regulations, ISA, No. 45 1999; and SEC Rules and Regulations 2000 (as amended).
4.	<b>Nigerian Corporate Affairs Commission (CAC)</b>	CAC is responsible for registration of corporate bodies, and non-profit organizations. It maintains the record of all business registered in the country. Company records can be accessed on payment of stipulated fee to CAC.

5.	<b>Nigerian Investment Promotion Commission (NIPC)</b>	was established in July 1995. The NIPC is tasked with overcoming the bureaucratic and institutional barriers that had previously discouraged foreign investors from taking advantage of Nigeria's wealth of opportunities. The NIPC serves as a central investment approval agency, streamlining the activities of ministries, government departments and agencies involved with investment promotion. The NIPC helps in matters such as registration or incorporation of foreign enterprises, obtaining of expatriate quotas or provision of information about the different tax regimes for different sectors. It also serves as a catalyst for injecting the much-desired foreign capital into Nigerian economy through foreign direct investment. It encourages and promotes competition in the economy.
	<b>Nigerian Deposit Insurance Commission (NDIC)</b>	The NDIC was set up by virtue of NDIC Act CAP 102, Laws of the Federation of Nigeria, 2004 to ensure safe and sound banking practice and prevent the incidents of failed banks. The responsibilities of the NDIC include: (i) insuring all deposit liabilities of licensed banks and such other financial institutions operating in Nigeria within the meaning of sections 20 and 26 of the NDIC Act, 2004 so as to engender confidence in the Nigerian banking system; (ii) giving assistance to depositors, in case of imminent or actual financial difficulties of banks particularly where suspension of payments is threatened; (iii) preventing lack of public confidence in the banking system; and (iv) assisting monetary authorities in the formulation and implementation of banking policy so as to ensure sound banking practice and fair competition among banks in the country.
122.	<b>The Nigeria Stock Exchange (NSE)</b>	<p>NSE was established in 1980. As of March, 2007, it has 283 listed companies with a total market capitalization of about N15 trillion (\$125 billion). All listings are included in the "Nigeria Stock Exchange All Shares Index." Transactions in the stock market are guided by the following legislations, among others: Investment &amp; Securities Decree Act 1999; Companies and Allied Matters Act, 1990; Nigerian Investment Promotion Commission Act, 1995; Foreign Exchange (Miscellaneous Provisions) Act, 1995;</p> <p>The Exchange has an Automated Trading System. Data on listed companies' performances are published daily. In order to encourage foreign investment in Nigeria, the government has abolished the legislation<sup>7</sup> preventing the flow of foreign capital into the country. This has allowed foreign brokers to enlist as dealers on the Nigerian Stock Exchange. Investors from any nationality are allowed to invest in the Stock Exchange. Nigerian companies are also allowed multiple and cross border listings on foreign markets.</p>
	<b>National Bureau of Statistics (NBS)</b>	NBS was set up following the enactment of the 2007 Statistics Act to assist government in developing data on national development and macroeconomic indices.
	<b>Federal Inland Revenue Service (FIRS)</b>	The FIRS is responsible for tax policies and implementation in Nigeria. The Act establishing it was recently revised and a new 2007 FIRS Act has been enacted to give it more autonomy. Four 2007 Tax Reform Acts have also been passed for different sectors. These Acts are to be implemented by FIRS.

	<b>Bureau for Public Procurement (BPP)</b>	This office is responsible for ensuring transparency and due process in the procurement across federal agencies. It was set up by the 2007 Procurement Act .
		<b>Financial sector bodies and associations:</b>
	<b>The Bankers' Committee</b>	The Committee is chaired by the Governor of the Central Bank of Nigeria and is made up of all the Chief Executives of Banks in Nigeria. The Committee meets once a month to review progress in the implementation of FIs policies and to address any emerging problem.
		<b>DNFBP and other matters:</b>
	<b>Institute of Chartered Accountants of Nigeria</b>	ICAN is statutorily empowered to set standards and regulate the practice of Accountancy in Nigeria. However, another parallel body – Association of Nigerian Accountants was also set up in 1998 to also regulate Accountancy practice.
	<b>The Estate Agents &amp; Surveyors</b>	Nigerian Institute of Estate Surveyors & Valuers (NIESV) is the gate keeper for registered agents and firms in the country. NIESV reported that they have registered 1,000 firms. They regulate the practice of the registered firms and have developed guidelines to be applied in the conduct of estate management. NIESV is working closely with the SCUML in developing AML/CFT guidance and training for its members. Estate administration yields substantial income to the operators as the property businesses in Nigeria remain at all-time high. It is one of the sectors most vulnerable to AML/CFT and monitoring and supervision by authorities have not increased in response to the threats in this sector.
	<b>Nigerian Bar Association</b>	The Nigerian Bar Association was established as the Supervisory Regulatory Authority (SRO) for lawyers in Nigeria. The lawyers in Nigeria are trained to practice as Barristers and Solicitors without restriction as to the type of practice to engage in once the person has been called to the Bar. Following the UK tradition, Nigeria established a Law School in the early 60s. About 46,000 (80%) of Nigerian lawyers have been called to the "Nigeria Bar" since its establishment. About 25,000 are in legal practice.
	<b>Association of Capital Market Solicitors</b>	These are solicitors who are registered with the SEC. They were screened after going through an interview to determine their knowledge of the Securities sector. They verify and authenticate documents associated with the sale and purchase of shares in the capital market.
	<b>Zero Corruption Coalition</b>	This is a group of non-governmental organizations whose mandate is to promote transparency and accountability in the public and private sector. It has more than 100 members, who are active in the monitoring of anti-corruption agencies and global transparency initiatives.

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