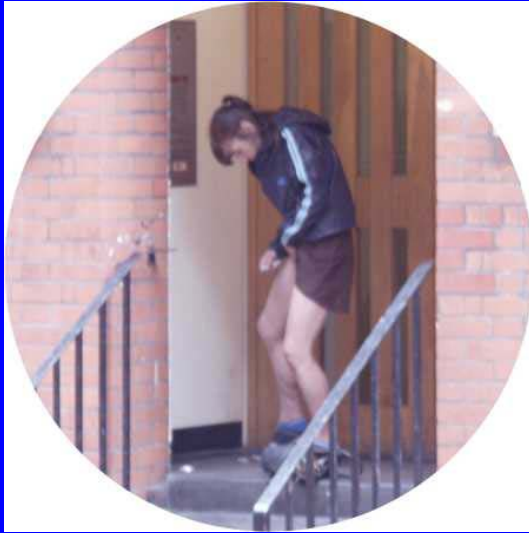




**HM Customs and Excise**  
Law Enforcement

**Richard Lowe**

**CRIMINAL MONEY LAUNDERING  
USING HAWALA TECHNIQUES**



## Heroin smuggling – United Kingdom

### **Drugscope**

- **227,000 addicts**

- **Consuming 30 tonnes a year**

- **£1,860,000,000 street price**  
(37 to 372 tonnes of cash)

- **£570,000,000 wholesale price**  
(11 tonnes of cash in £50 notes)

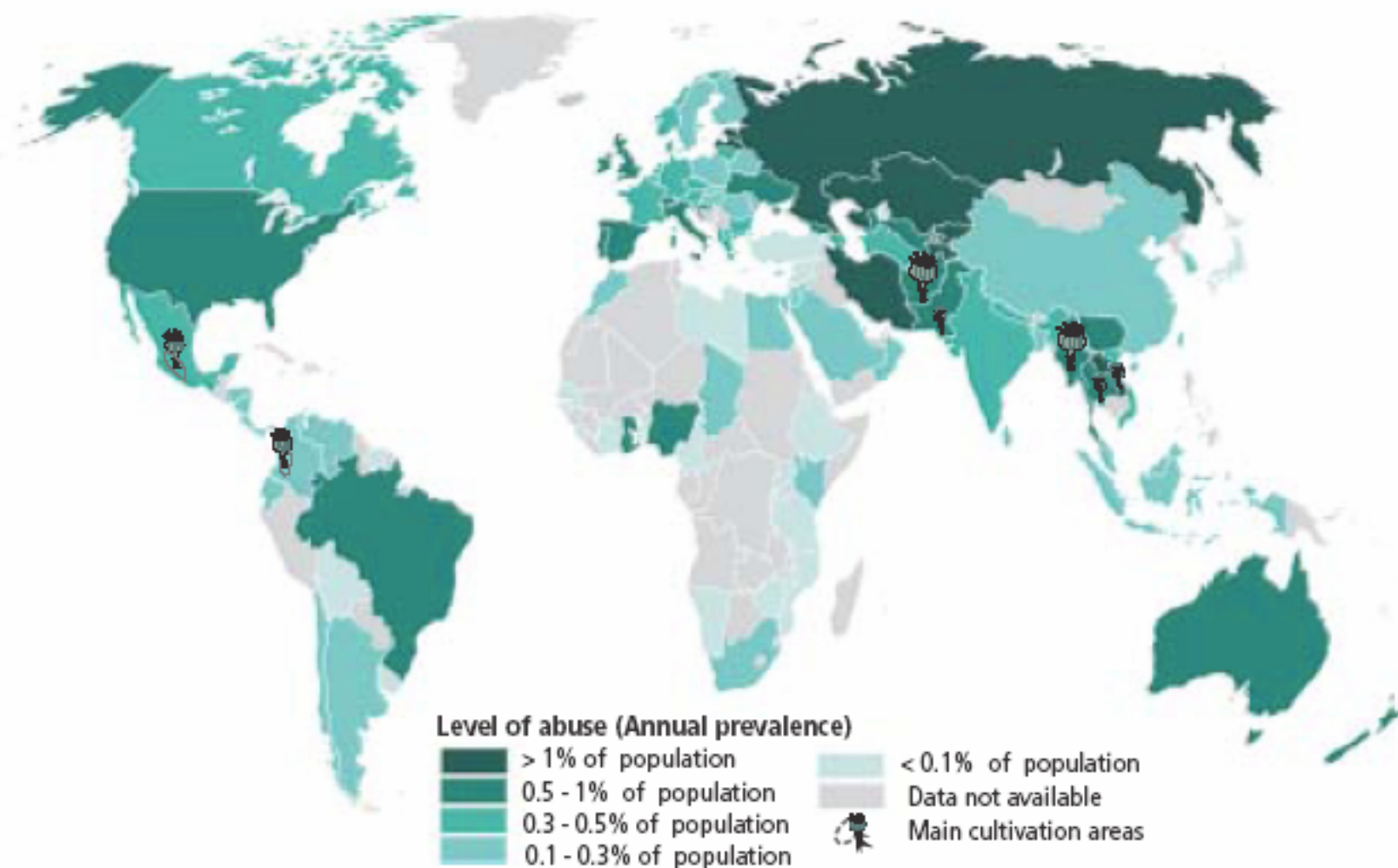
- **Iran** - 2 Million addicts
- **Pakistan** - 1.2 Million addicts

Average consumption at local prices

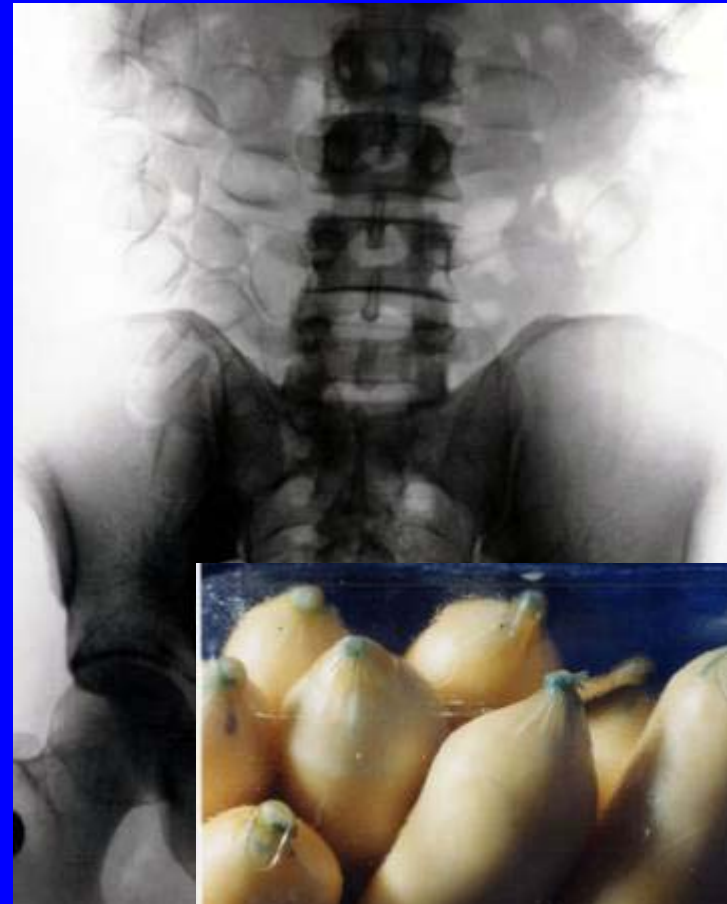
**£797,000,000**



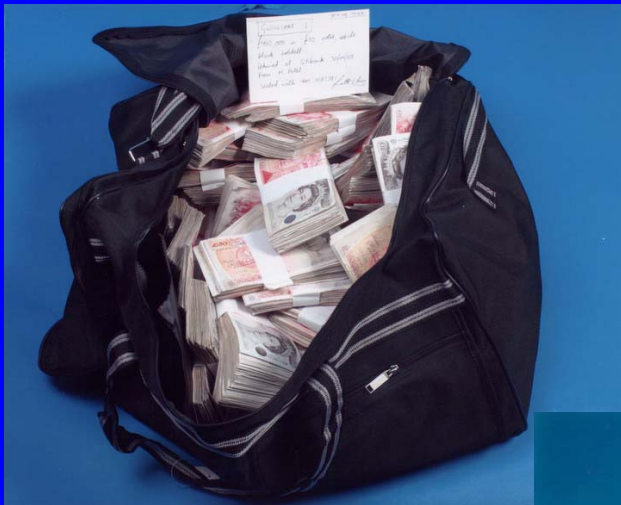
Map 8: Use of opiates (including heroin) 2001 - 2003 (or latest year available)



# Heroin smuggling













AS SOON AS POSSIBLE

PAGE 1

04/05/01

PAGE1

NEW DELHI

445 SENDER: - KAY RECEIVER : - SATWANT KAUR W/O BALDEV SINGH NEW  
DELHI TEL : - 220 8203 1000//=

-----

484 SENDER : - HARISHA BHRAR RECEIVER : - MRS SUHAG RANI BHRAR C-19  
KRISHNA PURA GARDENS NEAR TILAK NAGAR TEL : - 559 2785 NEW DELHI  
1330//=

-----

PUNJAAB

467 SENDER : - AMERJIT SINGH DHALIWAL RECEIVER : - SWARAN SINGH S / O  
JAGIR SINGH (GURDITTEY KAY) PATTI LODH BADI MALLAN ROAD VILLAGE  
LOPON TEHSIL NIHAL SINGH WALA TEL : - P.P. ( RAGHBIR SINGH  
CHACHA OF AMERJIT SINGH) 01636 53721 (OLD) 01636 52121 (NEW)  
DISTT. MOGA 1000//=

-----

470 SENDER : - RAM PRAKASH VIRDI RECEIVER : - BALBIR CHAND S / O  
RAMJI VILLAGE DAULATPUR P.O. LAWALPUR TEL : - 181 715430  
DISTT. JULLUNDHUR 1500//=

-----

471 SENDER : - SURJIT SINGH AUJLA RECEIVER : - JASVIR SINGH AUJLA  
BROTHER OF HAWALDAAR KANKAR SINGH AUJLA VILLAGE AUJLA ( HOUSE  
NEAR THE GURDWARA ) NEAR KOT TAPAI TEL: - 1822 33872 DISTT.  
KAPOORTHLA 3000//=

-----



3/5/01 Thurs

① 199,485 + 20 CF  
Blue Bag

② Gray Bag  
199,910 + 30 CF

③ Big Blk Bag  
223,850

+ Tejpal 693

4/5/01 Fri

① A 192,700

② 110,880

③ 145,990

Def M.M.B. 1000.

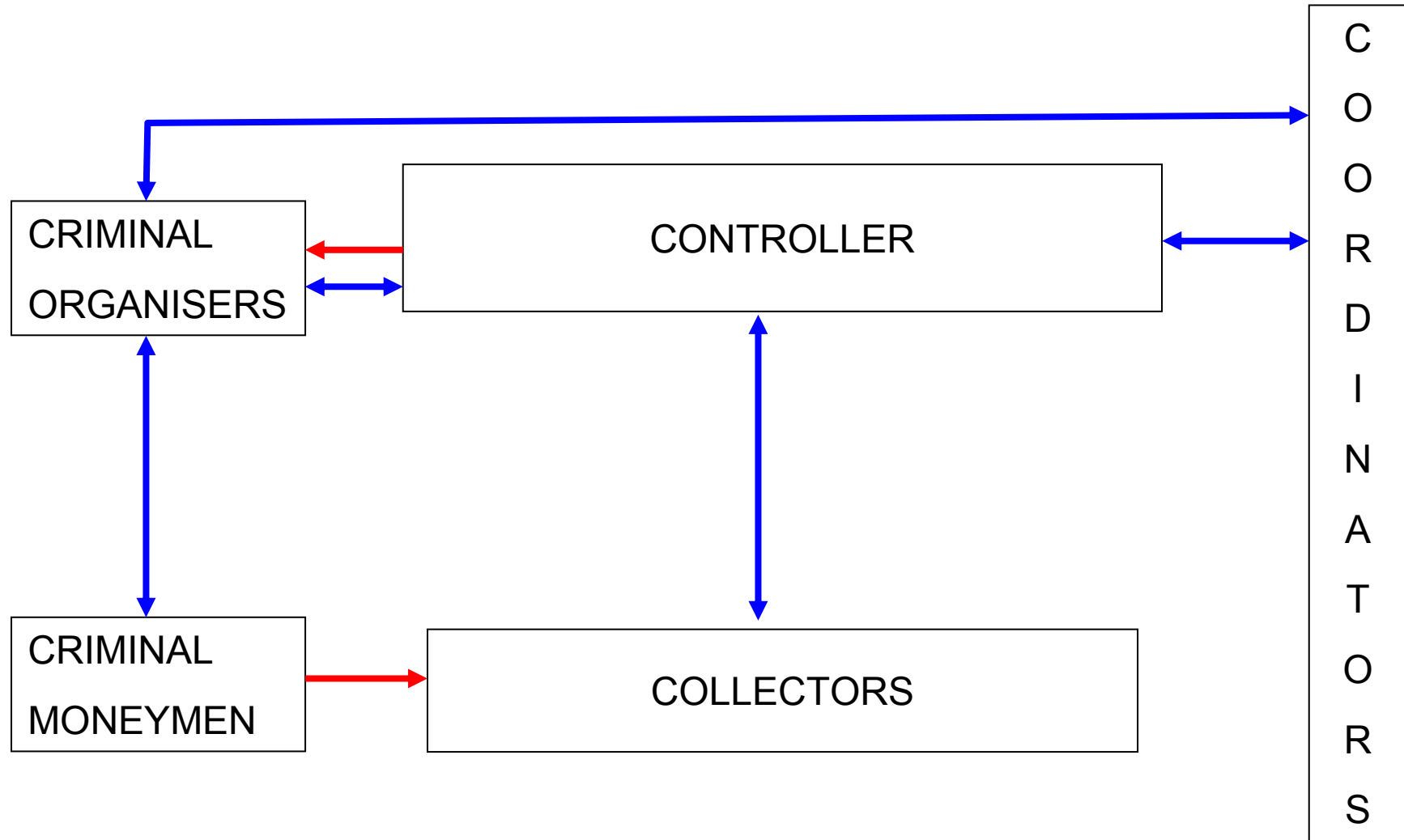
~~1000 13,880~~

Loose 5570 ~~4350~~

J.H.C. 1370

In 1000 from O.A.

## Hawala style money laundering activity







JANUARIA MP02

BAD

MP02 4/11/12



JANUARIA MP02

BAD

MP02 4/11/12







## CONTROLLER

Arranges collection of cash & issues instructions on settlement

## CRIMINAL

"Sells" UK street money to controller and receives proceeds overseas

Collector  
receives  
cash from  
criminals



Cash counted and stored  
at safe house



Cash dispersed on  
instructions from controller

Money transmission



Electronic transfer direct  
to recipients, third party,  
to cash pooling accounts  
or to fund export fraud  
through over invoicing

Cash  
couriers



Cash smuggled  
overseas to facilitate  
exchange or banking

Third party deposits  
(Cuckoo smurfing)



Smurfed deposits of dirty money to  
clean bank accounts expecting  
genuine transfer from overseas.

Controller "buys" legitimate  
transaction at premium from bank or  
ARS overseas to facilitate disposal of  
criminal money in UK.

Deposit slips faxed to controller.

Cash payments

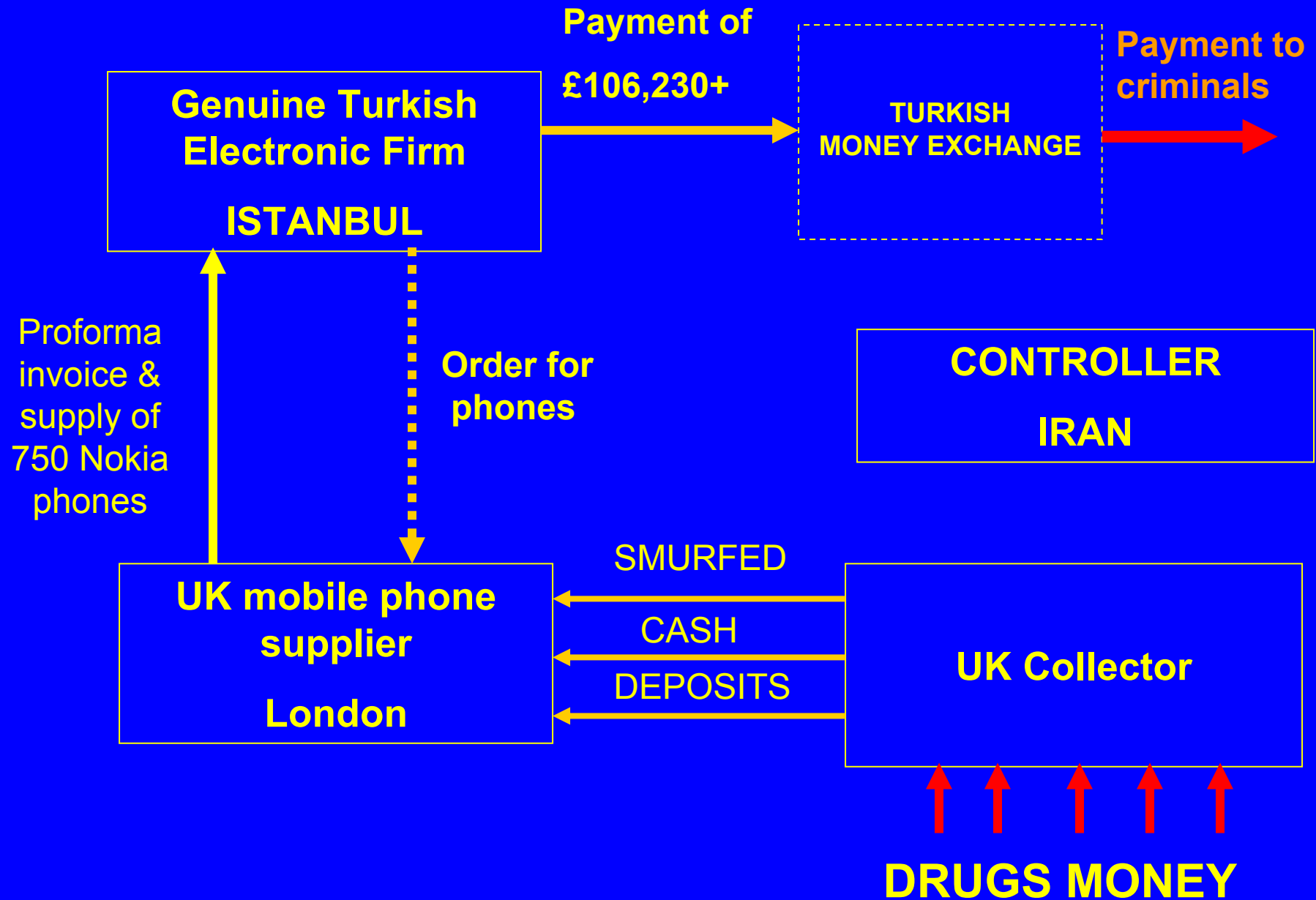


Cash handover to  
third party  
expecting cash  
from overseas.

Maybe "clean" or  
"dirty" recipient



## SAMPLE CUCKOO SMURFING TRANSACTION



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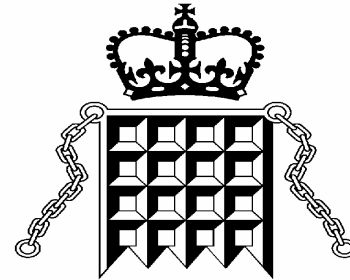
# Cash pooling accounts

- Clearance system for Hawala.
- Bank accounts held in financial centres.
- Electronic transfers and proceeds of sale of banknotes enter the accounts.
- Controllers / Hawaladars give instructions to make payments to third parties.
- Do the money exchange know their customer and the customers business ?
- Cash pooling accounts are widely used as the destination for the proceeds of frauds.
- Accounts are used to finance export & import fraud through over and under invoicing





- Why is hawala cheap ?
- Disrupting criminal controllers is the key to preventing money laundering by Hawala techniques.
- Risk based regulation is most effective.
- International co-operation on intelligence, investigation and evidence sharing is the best way to disrupt money laundering.
- Disruption in one jurisdiction moves the problem to a new jurisdiction.



**HM Customs and Excise**  
Law Enforcement

**Richard Lowe**  
**HM CUSTOMS & EXCISE**