

**Typology 1.      Legalization of stock funds misappropriated by the company's leading person**

For the purpose of selling products manufactured by company X to A country as well as to B through the previous one, short-term (up to one year) contracts were signed that exceed the current market value between the head of a newly established foreign Company Y in the offshore zone and the WW person who heads the Company X.

Before that, Company X had for many years been selling direct products to country A. However, this year, WW, who is head of the company, signed additional contracts and entrusted the sale of its products abroad to the offshore company Y. Settlement account of an offshore company that acts as a mediator and a buyer on contracts was opened in S Bank, located in another offshore area and operations were carried out through this bank.

Within one year of the contract signed, Z Company, which acts as the buyer and the intermediary of the A country made transfers to Company Y, and Company Y, in its turn, made transfers to Company X, also economically irrational indefinite transfers were made by that Company X to Company Y with the purpose of "service fee", as well as by Company Y to Company C acting as an executor (intermediary) of the company Z of the neighboring company.

Despite the expiration of the contract, Y offshore company didn't transfer large amount of money deposited in an offshore bank account (in S Bank) to Company X. There have been larger transfers throughout the year compared to the amount of funds transferred by Company X to Y with the purpose of service fee under the terms of the agreement between Company X and Company Y, as well as a portion of the proceeds to the company Y have not been transferred to Company X.

The contract states that Y has long-term experience in selling goods abroad and on this basis Company Y is entrusted with the obligation to deliver goods in a foreign country. The contract also disclosed the amount of service fee to Company Y for the sale of 1 unit of goods.

As a result of the investigation, it was revealed that only three months after the founding of the company Y, it was involved in large-scale contracts. Also, funds received from offshore account of Company Y but not transferred to Company X transferred to the account of F Holding Company, located in another foreign country and shortly afterwards, these funds were transferred to personal account in S Bank of TT person who is affiliated with WW and is one of the main founders of F Holding (another major founder is WW).

Suspicious (unspecified) funds were transferred from the local X Company and the Y intermediary offshore company to the company U that operates in country "A" and belongs to TT. Company U, in its turn, has transferred most of those funds to F Holding Company.

It is determined that F Holding implemented projects in real estate markets in several European countries, there are a large number of real estate in those countries on behalf of persons related/ close associates to the both beneficiaries (WW and TT), as well as "PP"

person who was nominated as the third founder of F Holding Company is the director (in fact proxy) of more than 100 offshore companies.

Also transfers were made with the purpose of "payment for equipment purchase and consulting services" to the account of F Holding Company by a number of other executive companies who had won tenders conducted in different years by Company X along with company Y. Investigation of executing companies on tenders conducted by X Company revealed that they do not have the necessary equipment and workforce, they carried out their work by other contractors, and when the case was completed, they were canceled immediately upon completion of the work.

### **Mechanisms, tools and methods used**

- Use the "shell" company to hide the real beneficiaries of the funds;
- Transfer from internal bank accounts to offshore bank accounts;
- Falsification of contract documents or inaccuracies in them;
- Registration of "one-day" firms and cashing through them;
- Involvement of nominees (relatives and closely related);
- Investing funds obtained through tender corruption mechanism in the real estate market of foreign countries.

### **Indicators:**

- Company X's conducting transactions with "shell" company;
- Transfer of funds by the Shell company to a physical person in another country for a short period of time under the fictitious contract by Company X;
- Conclusion of large-scale contracts with a newly established company with no relevant business experience and making large-scale transfer to them (the basis for the conclusion of the contract doesn't reflect the reality);
- Carrying out operations not compatible with the company X's activity profile;
- Economic inefficiency of the scheme of operations and unclear designations;
- Incomplete receipt of funds under the contract for the sale of the product;
- Misappropriation of share funds through transferring them the offshore transit account and subsequently to the account of the company which is situated in a foreign country and beneficiary of which is the head of the seller company;
- Conducting transactions with foreign offshore companies that were the tender winners and immediate termination of the project upon the completion.

