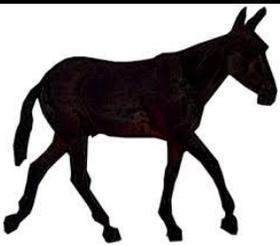


# DON'T BE A MULE!



# ALL ABOUT MONEY MULES



A Money Mule is a person who receives money from a third party in their bank account and then, transfers it to another account or withdraws the cash and gives the funds to another person.

Money Mules carry out transactions such as opening bank accounts, obtaining credit cards, e-wallets and other financial instruments on behalf of a third party so that they can be used to transfer illicit funds and conduct other illegal transactions.

Money Mules often get a commission in exchange for moving illicit proceeds.

## RECRUITMENT OF MONEY MULES

According to Interpol, criminals recruit Money Mules in various ways. These include the following:

- 1) Job Scams: individuals are contacted about a job for which they did not apply or individuals who apply to a fake job offer. These can come from fake job advertisements posted in online forums, emails and social media pop-ups.
- 2) Romance Scams: persons are contacted online via social media or online dating platforms.
- 3) Investment Scams: messages are received promising to make easy returns on an investment.
- 4) Impersonation Scams: individuals pretending to be employees of courier companies or government agencies asking for personal or banking information.
- 5) In Person: individuals are approached directly on the street with promises of making quick cash.

## MONEY MULES & MONEY LAUNDERING

Although these persons are not directly involved in the offences, they are accomplices as they launder the proceeds of the crimes (known or unknown to the person). The money mule is the physical part of a money laundering chain; the means by which the illicit proceeds are converted to "clean money".

Considerable amounts of money mule transactions are associated with cybercrimes against individuals and entities such as phishing and malware attacks. These attacks seek to capture victims' log-in credentials and then, pose as bank employees to get access to accounts.

Multiple money mule accounts may be used to further conceal the cash trail. The funds are then quickly received in cash and given to another party or transferred to the criminals' accounts.

Money mules can also be used to transfer stolen funds from financial institutions to accounts controlled by criminals.

## WHO DO CRIMINALS TARGET?

Criminals often target groups/persons who are financially vulnerable making them more susceptible to offers of making easy money.

- ⇒ New Immigrants
- ⇒ Unemployed Persons
- ⇒ Young persons between the ages of 12 and 35.



**Unknowing individuals**  
 are unaware they are part of a laundering scheme. These could be victims of online romance schemes or fake job offers.



**Witting individuals**  
 willfully ignore red flags or turn a blind eye to their money-laundering activity. They usually get paid.



**Complicit individuals**  
 are professional money mules who are trained to subvert financial institutions and law enforcement.

## MEASURES TO IDENTIFY AND MITIGATE MONEY MULING ACTIVITY

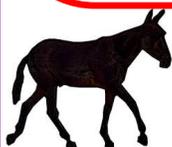
Financial Institutions (FIs) are primarily used to transfer funds locally and internationally. Therefore, they can be vulnerable to money muling activities as they provide criminals with an avenue to launder money. The following are measures that can be taken by FIs and individuals to identify money muling activities.

### Financial Institutions

- Review accounts for unusual or suspicious activity. Automated Monitoring Systems should capture details of transactions including the frequency, amount and the identity and location of the parties involved.
- Investigate the nature of the relationship between the clients/customers who transfer the funds for a third party.
- Implement robust Customer Due Diligence (CDD) processes that include identifying account holders and beneficial owners before the establishment of the business relationship. Updated information on all clients/customers should be obtained and maintained.

### Individuals

- Do not divulge banking or personal details to any other individual.
- Never disclose banking login information including the PIN number or CVV number.
- Be extremely careful of unsolicited emails or offers made over social media or in person promising to make easy money.
- Do not participate in or respond to job offers involving money transfers through your personal bank account, no matter how tempting the offer may seem.



## CASE STUDY



Person A was recruited by a Russian syndicate to receive money in her bank accounts. She was promised commissions of up to US\$7,500.00 for each transaction. Person A received criminal proceeds from fraud committed in the Bahamas and the USA into her bank accounts. Most of the funds were transferred out or withdrawn within a few days of receipt upon the advice of the Russians.

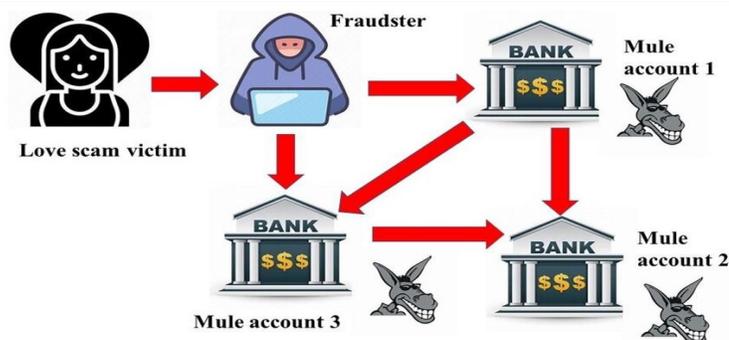
Not only did Person A serve as a vehicle for illegal proceeds, she also recruited two (2) more money mules. The control of the mules' bank accounts allowed her to hide the location of the illicit proceeds through layering which enabled her to avoid detection as funds were spread over multiple accounts.

Through this network, Person A and her money mule network received a total of \$90,000.00 for each of the transactions over a five year period.

Person A was convicted and sentenced to 72 months imprisonment for receiving stolen property and ML offences.

Read the above scenario and answer the discussion questions that follow.

- Describe two (2) ways Person A could have been recruited by the syndicate.
- Which of the three (3) types of money mules is Person A? Give reasons for your answer.
- Construct a diagram to show how Person A used layering to assist her in avoiding detection.
- Provide two (2) examples of individuals that Person A might have targeted to become a part of her network.
- Explain one (1) way Person A might have been detected by a financial institution.



### References

CFATF Research Desk—Money Mules: What is their role in money laundering? 23rd November 2023.

FOR MORE NEWSLETTERS:

[Financial Services Regulatory Commission - Newsletters \(www.fsrc.kn\)](http://www.fsrc.kn)