

Money Laundering Situation in Thailand

The advanced communications and technologies are among main factors enhancing expansion and networking of criminal and money laundering syndicates. The crimes have now become transnational posing the most serious threat as their organized syndicates operate not only within the country but international level. Various techniques have been constantly developed for laundering their money from the criminal offences, and sophisticated criminals tend to combine the techniques to make it harder to detect their activities. Nevertheless, traditional ones such as using nominee to open bank accounts to cover true beneficial owner, as well as exploiting trade – based economy on a large scale continues to be highly attractive to money launderers.

Hiring nominee to open account for criminal purpose

Hiring individual to open accounts for money laundering or other criminal purposes has been increasingly found across the country in recent years. Despite of legal penalties being now posed to those hired to open accounts, the number of the case does not yet drop down any significantly.

The nominee account has long been misused mainly among drug trafficking syndicates. Currently, unfortunately, it has to a very large extent also facilitated financial scam gangs.

While the financial scam is on the rise region wide, call-centre scam is among the most notorious types of the scams in Thailand. A number of the gangs are transnational organized crime made up of Chinese, Taiwanese, Korean and Thai members setting up fake call centers in Bangkok and major tourist provinces such as Chiang Mai, Phuket and Pattaya. The members of the gangs hire up to thousand locals to open the bank accounts and hand them the ATM cards for withdrawal. Typically they lure victims by pretending to be officials from financial institutions or government agencies and accusing them of money laundering or owing huge sums to credit cards and scaring them into transferring money via ATM.

Investigations on their money trail revealed that money was sent to bank account, opened by the hired individuals, in Thailand and withdrew from ATM at parts of the country as well as neighboring countries or being transferred further out to Taiwan and China making it difficult, if not impossible, to get back.

One of the major cases is of a 68 year-old retired teacher, who lost 26 million baht by money wiring 269 times to 75 bank accounts nationwide within two weeks.

The indicators of using nominee to open account

Transaction inconsistent with account holder's age, profession, location, financial status or activity in which the individual is normally engaged.

Cash deposits made to one account from multiple locations or by multiple individuals who have no apparent association with account holder

Frequent large cash deposits followed shortly by withdrawals domestically or overseas via ATMs.

Possession of a lot number of bank accounts.

Group of individuals come to open accounts around same period of time using same address or telephone number

In addition to the use of nominee to cover the true beneficial owner in individual level, the technique has also been misused in corporate level in form of 'front company' where trade-based economy has greatly been exploited.

Trade-Based Money Laundering

Given the growth of world trade, trade-based money laundering has become an important channel of criminal activity. The misuse of trade operation is to blend illicit fund to proceed from genuine business making them difficult to single out and hard to trace the real source. The scheme includes types of false trade pricing such as undervaluing exports, overvaluing imports, multiple invoices for the same shipment via different banks etc.

Apparently, the common type of Trade-Based Money Laundering often involves closely with the setting up of front company, the company that exists but has no active business or no actual business at all or even those exist only on paper. These could competently facilitate the movement of a huge fund while the real beneficial owner is well obscured.

There have been discovered cases of large transactions being made among a number of companies which were proved to have the same group of individuals as beneficial owner trying to conceal their source of money obtained by illicit means. In moving their illicit fund as well as mixing them with legitimate one was done not only through money transfer in banking sector but also great value shares transfer in securities sector.

Some cases illustrated that some companies' share holders had connection to or were nominee of criminals, or share holders themselves were PEPs or PEPs associates who had questionable background on corruption related issues.

The indicators of trade-based money laundering

Transaction involving the receipt of cash or other money orders from third parties that have no apparent connection with the stated business.

Large value or volume of incoming wire transfer into business account with no apparent legitimate purpose.

Bank account used to receive or send large amount of money but show virtually no normal business activities.

Frequent structuring: cash deposits are just below transaction reporting requirement (e.g. 2,000,000 THB)

Payment method appears to lack of concern on risks or commission fee of the transaction, or the transaction that does not make business sense.

Large money deposits being split among several bank accounts.

The use of nominee and exploitation of trade-based schemes continues to be key in money laundering and also, believed to be, in terrorist financing operations. The techniques vary in complexity and are increasingly used in combination with other money laundering techniques to further obscure the money trail. Those major techniques also include the misuse of the new payment methods such as internet payment, mobile payment and types of prepaid cards which are nowadays of high risk and currently subject to enhanced scrutiny.
