

Simon Dilloway: Follow the money trail



A *CAMS Today* had the opportunity to speak with Simon Dilloway, founder of Lopham Consultancy.

Dilloway spent over 30 years in the Metropolitan Police in London. He specialized in the investigation of corruption, financial crime and terrorist financing by the use of financial investigation methods and collection and analysis of financial intelligence. Whilst leading a team in the Special Branch National Terrorist Financial Investigation Unit (NTFIU) at New Scotland Yard he used these techniques to great effect in the aftermath of the London bomb

attacks of 2005. He subsequently led the financial investigation and intelligence gathering operation that led to the arrest and conviction of the terrorists involved in the conspiracy to bring down seven airliners en route to North America. Since retiring from the police and founding Lopham Consultancy, he has assisted the European Commission, Council of Europe and United Nations Office on Drugs & Crime in capacity building missions around the globe. His training on AML and in particular CTF has been well received by law enforcement personnel from Russia, the Balkans, the

Middle East (including Iraq) and North Africa, as well as the UK, where he is an associate financial crime trainer with the NPIA. He has spoken at many international conferences, and recently presented on terrorist finance to the NATO Task Force Committee in Brussels. He is currently engaged in re-writing the national anti-money investigation and prosecution handbooks for the Republic of Vietnam.

He has a BSc(Hons) in Police Studies, and an MSc in Criminal Justice. He is a member of ACAMS, the Institute of Directors, and a Director & Fellow of the UK Security Institute.

ACAMS Today: Describe your current position and responsibilities?

Simon Dilloway: I have my own business which includes several companies. My main work at the moment is AML training and giving advice to the international public sector law enforcement. Also, I have just come back from training visits to Russia and Ukraine, and I am in the middle of rewriting the Vietnamese Handbook for ML investigators and prosecutors. In addition, I provide AML reviews and solutions to UK regulated companies, and have a third interest in an online e-learning and name checking site that is under development.

AT: How did you first become involved in law enforcement and the compliance field?

SD: I joined the Metropolitan Police in London in 1976, and served for almost 31 years. The latter part of that service was as a detective financial investigator, dealing with anti-corruption, drug trafficking, money laundering and ultimately, terrorism at the National Terrorist Financial Investigation Unit (NTFIU), then part of Special Branch at New Scotland Yard. After retirement in 2007, I started the companies mentioned above, and launched into my new career in the compliance field.

AT: What is the key to having a successful work relationship between law enforcement and compliance professionals?

SD: This is something that I was very much involved in while at the NTFIU. The key relationship has to be one of mutual trust — this is the most important thing. Clearly, those involved in compliance have legal obligations, both in disclosure and confidentiality, and on the other hand, law enforcement has to be careful not to reveal sensitive or classified information. If, however, both sides can go the extra mile to make the job easier for each other, we will at least be one-step closer to beating the bad guys.

AT: During your career you have been a part of many AML, TF and financial crime investigations, what commonalities have you found?

SD: An interesting question! Paradoxically, one of the common things is how different each investigation is. By that I mean that every time you investigate money laundering or terrorism, you find some new twist that

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you have not seen before, because criminals are always developing new methods in the face of ongoing legislative improvements. This is why I always preach the risk-based approach so passionately. It is the only way to avoid getting bogged down in set typologies, which itself leads to missing new methods of moving or disguising dirty money.

AT: How can those commonalities best be exploited by the compliance professional?

SD: The commonalities that are there need to be shared. This is an area where competition must be set aside, and the experiences of one institution should be broadcast to everyone else. This is of course promoted by many industry organizations — especially ACAMS. Ideally, firms should be in a position to use their AML expertise as a marketing tool, indicating to criminals, clients and the industry that they are a hard target. In addition, a well run AML regime also keeps a tighter control on other systems in the firm, thus improving governance all-round.

AT: What terrorist financing (TF) indicators should institutions be looking for and what advice do you have on how institutions can protect themselves against TF?

SD: As I have pointed out in previous articles, the nature of most TF is such that it can be very difficult to spot. The London bombers' finances, in hindsight, indicated very clearly what they were doing and why; however, that was only with the knowledge of what they subsequently did. The actual activity was no different to that of many other young men of the same demographic. Institutions should


be looking for transactions to or from countries known to be destinations, or transit points for TF. They should thoroughly check identity of clients, and be especially vigilant for any reluctance to provide supporting evidence of identity.

In truth, however, there is no foolproof method beyond what is done for AML. The important thing is ensuring that procedures are as tight as possible, and that record keeping and archiving are accurate and efficient, so that when law-enforcement comes calling, firms are able to supply top quality information quickly. That was the best help I could get as an investigator.

AT: How does following the money trail assist in breaching an AML or a TF case?

SD: To be able to connect the crime with the proceeds is the ultimate goal of an AML investigator. The whole purpose of a launderer's activity is to squirrel the money away through complicated layers of deals and transfers, and to protect the loot for later enjoyment — as we all know. If you can evidentially follow the money trail, not only do you identify where it is, but you get the chance to confiscate it. Also, when all the arcane and bizarre details of layering are put before a court as evidence, it actually strengthens the case and shows the launderer quite clearly as the crook!

AT: What is your proudest money laundering or terrorist financing bust?

SD: Aside from producing the costing and funding report for the London bombings of July 2005, the thing I am most proud of is leading the financial investigation into the plot to blow up airliners between London and North America. What started up as a small TF investigation to see me through to retirement from the police turned into the investigation of the biggest terrorist threat to face the UK. If this had been carried out successfully, potentially up to 4,000 people could have lost their lives, and I am immensely proud to have been part of the operation that prevented that. It also means that nowadays you will have trouble getting your toothpaste onto a flight, so I apologize for the inconvenience! 

Interviewed by Karla Monterrosa-Yancey, CAMS, editor; ACAMS, editor@acams.org

David Olesky:

Better lines of communication lead to better results

A *CAMS Today* caught up with Special Agent David Olesky for an informative interview. Special Agent Olesky has been with Drug Enforcement Administration (DEA) in excess of ten years. He has worked in the DEA New Jersey Division and DEA's Panama Country Office. Prior to joining DEA, GS Olesky worked for several years as an auditor for a public accounting firm where he obtained his CPA license.

ACAMS Today: Describe your current position and responsibilities?

David Olesky: I am a Special Agent Group Supervisor for DEA's Financial Investigations Group in Los Angeles. Our group focuses on the most significant drug traffickers operating in the Southwestern United States who are laundering drug proceeds both inside and outside of the financial system.

AT: How did you become involved with law enforcement and compliance?

DO: Prior to joining DEA, I had worked several years for a public Accounting Firm, obtained my CPA license, and then soon after applied to DEA. I have been with DEA just over ten years, and with my background in accounting, it was almost a natural fit that I would eventually find myself working in the Financial Investigations Group. This past year, I have interacted more with compliance officers as a result of the networking opportunities which have presented themselves via ACAMS. My group has a lot of interaction with financial institutions due to the nature of our group's mission.

AT: How can compliance professionals work more effectively with law enforcement?

DO: Do not be afraid to ask questions and interact with the agents and officers. When

your compliance office receives a subpoena request from law enforcement, feel free to contact the agent and discuss the request. Of course the investigators can not disclose anything that could potentially compromise the investigation; however, there is a practical middle-ground where both investigator and compliance officer can work optimally. Money laundering investigations tend to be complex, time consuming and may even last a number of months — if not years. It is best if both sides can establish a professional relationship so that both the investigator and the compliance officer understand the goals. For a DEA agent, even for me having worked in the financial arena, it can be very intimidating to take on a financial investigation. The majority of agents are more comfortable knocking down someone's door in the middle of the night then meeting with a compliance officer to discuss financial records. As a result, the better the lines of communication are between the two sides, the better the results will be as well.

AT: As a law enforcement professional, what are the three most important items you look for during a money laundering investigation?

DO: Number 1, we are looking for how the target subject first enters his drug proceeds into the financial system. Identifying the relationship between the specified unlawful activity or SUA and the entrance of the money into the financial system is critical. This is why knowing your customer (KYC) is very useful to the law enforcement community. Who and how the subject is first getting the proceeds into the system again are critical for us to identify. Number 2, we try to expand our investigations to the fullest and identify any and all associated accounts, assets, and individuals. And Number 3, we

try to track the flow of the money once it enters the system in hopes of identifying additional elements in the conspiracy and also potential forfeitures at the conclusion of the investigation.

AT: How can fellow law enforcement colleagues prepare to work effectively with financial institutions (FIs) during an investigation?

DO: Have a game plan and be specific in your requests to the financial institutions. That is where once again the lines of communication between the two parties are vital.

AT: What are the latest schemes you have seen in money laundering investigations and how can FIs prepare to combat these schemes?

DO: In June of 2010, the Mexican finance ministry published new regulations restricting dollar cash transactions at Mexican banks. The rule prohibits banks from receiving physical U.S. currency for transactions such as currency exchanges, deposits, payments of loans, or purchases of services including funds transfers, except below certain thresholds. For individuals who are customers, the aggregate limit in U.S. currency that a bank may receive from its customer per calendar month is only \$4,000. I believe these restrictions will have an impact on the flow of illegal drug proceeds (U.S. currency). There will continue to be an underground market in Mexico where U.S. currency is easily moved; however, I do believe that we will see more U.S. currency remaining within our borders and entering into the Financial System where previously it would have occurred South of our borders. Preliminary data I have seen in recent months has reflected that. I have also heard of reports of an increase in customer bank accounts across the U.S.-Mexican