



global witness

# AN IDIOT'S GUIDE TO **Money Laundering**



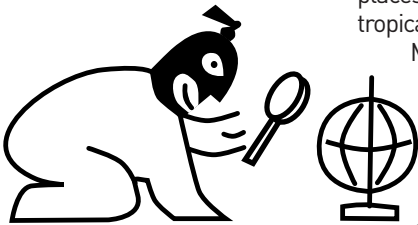
Step-by-step instructions  
on how to use companies to

- hide your identity
- hide stolen assets
- fund terrorism and
- evade taxes.

**It's easy to launder money these days. All you need do is disguise your identity behind a company, then open a bank account in the company's name rather than your own. Here's how to do it:**

## **STEP 1**

**Register your company in a place that keeps the names of the people who own it and run it secret.**



There are lots of countries to choose from, ranging from places known for their secrecy like Switzerland and tropical islands like the British Virgin Islands and the Maldives, to places you'd be less likely to think of, such as the Netherlands.\* To be extra safe, start a handful of companies with each one owning the previous one, and with the companies being based in as many different countries as possible. You now have a long, complex and secretive chain of ownership, distancing yourself from all your ill-gotten loot.

## **STEP 2**

**Make sure you look legit by having some of your companies in above-board sounding places.**



If you're concerned that it won't look too good having a company registered in some sunny Caribbean island secrecy jurisdiction, don't worry! There are two easy ways round this:

- Start a company in the US state of Delaware: an American company sounds like it ought to be squeaky clean, but in fact Delaware doesn't publish any information on who's behind its companies, nor does it collect any in the first place. This means that even the police find it difficult to find out who owns Delaware companies.
- Or, you could go to another less dodgy-sounding place, like the UK. The UK tells everyone who owns British companies, but that's OK because it's very easy to get round this. Just make the owner of your UK company another company registered somewhere else, where they're not so open with this information.

\* Your ownership of a Dutch company will be kept secret as long as you own less than 100% of the company: do this by getting another company to own 1%.

# STEP 3

**Give yourself some extra protection by finding some other people to be the owners and directors of your company.**

To really make sure your name isn't associated with your dodgy company, find some other people to be listed as its owners and directors. It'll still be you who actually owns and runs the company; these 'nominees' will only *appear* to be in charge. And what's more, if anyone does ever come snooping around, they won't be able to tell from the



official records that these people aren't the true owners and managers. It's easy to find people to do this job – there are thousands of companies who specialise in providing people for this exact purpose. And it's legal too!



# STEP 4

**Open your company direct with the corporate registry – they don't do any checks on you!**

There are two ways of starting a company: going direct to the corporate registry yourself (every country has one of these), or employing another company, called a 'company service provider' to go to the registry for you. If you do the paperwork yourself, there won't be any questions asked about who you are: the registry will just take whatever you say on trust.

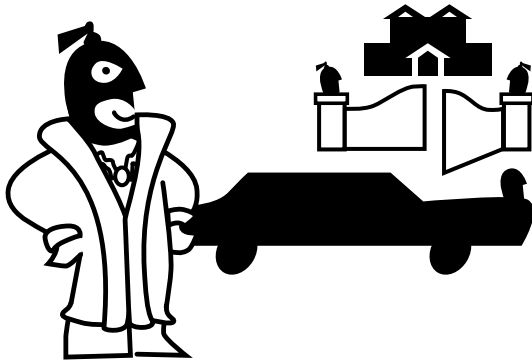
Alternatively, if you don't want to do the paperwork yourself, there are thousands of

company service providers that can do it for you. They're meant to get some proof of who owns and directs the companies they're forming, but in fact 40% of them don't bother doing this, and if you offer them a bit of extra money, they're even more willing to 'forget' to find out who you are.<sup>†</sup> Plus, if you use a company service provider in the UK, then they aren't even required to carry out any checks on you, as long as you only use them to set up your companies and nothing else.

<sup>†</sup> Findings of a mystery shopping exercise carried out by Jason Sharman

# STEP 5

**Finally, open a bank account in the name of your new company and get spending!**



Banks in places such as Latvia and Cyprus are said to ask very few questions. And once you've got your money into a Latvian bank, you can move it anywhere you like within the EU without any checks being carried out at all. Now you can get that mansion, private jet or diamond jewellery that you've been hankering after.

## HEY PRESTO!

By following these simple steps you can hide your identity behind an anonymous company and no-one need know what you're doing with 'your' money – you can hide the money you've made from selling drugs and running protection rackets, you can send money to those who need it for terrorist activities, you can earn millions yet pay next-to-zero tax, and if you're a dictator of a poor country, you can steal so much money that the country will be kept poor for generations!



**More seriously,**

**It shouldn't be like this. The world's corrupt politicians, mobsters, tax evaders and other criminals shouldn't be able use companies to hide their identity and move their money around the world. Global Witness is calling for public registries of the real, 'beneficial' owners of all companies, trusts and foundations. It should be a matter of public record who owns and controls companies.**

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