

First Money Laundering Case in Bahrain **...One year jail penalty and BD 200,000 fine** **for a couple**

The first money laundering case in the history of Kingdom of Bahrain has been looked into for five years continuously .On 29th of April, 2007, Supreme Court of Appeal, has sentenced two convicted couples, who are from X one year imprisonment and fined BD 100,000 for each, with abolition of rule of the High Criminal Court which issued on the late 12th of December last year to one of the accused who was acquitted .

Big efforts have been made by the Financial Intelligent Unit , at the General Directorate of Crime Detection & Forensic Science , to reveal the two convicted couple and prove accusations claimed against them, which was reported by one of the foreign banks in the Kingdom because someone transferred a large sums of money, after working for a short period and coming from one of the GCC countries.

The triple committee was consisted of Ministry of Finance, Central Bank of Bahrain and Financial Intelligent Unit which were working to reveal if the transferred money was in the convicted couple's bank account and that had been transferred to their account outside of Bahrain that agree with their stated action , after that the committee provided their report they have been questioned the accused .

The facts of the case have started on the 15th of August, 2002, when one foreign functioning bank in Bahrain came forward and reported "A.R" has transferred big sums of money in the period of four months which reached to sum of BD 239,850 and transferred BD 407,485 to their owned accounts in Y.

By looking into his papers, it was found that he worked as an Analyst Manager in a Trading and Investment Company. It was also found that the deposition and the transferred transactions made by him did not match the nature of his job. So the convicted was summoned for questioning about the source of his suspicious depositions and monetary transfers.

It was mentioned in his statement that he came to the Kingdom of Bahrain in 1999 and that he worked in Y for 3 years, and that his job was importing and exporting meat from other countries, and when he came to Bahrain he opened a night club in a hotel, from which he got profits and opened a second night club after eight months, and a third night club in three months.

The statement which was written by the triple committee showed that he came to the Kingdom of Bahrain on the 20th of September, 1999 and began his activities in T Hotel. Then he mentioned that his previous job was in Y carrying out business trade by importing and exporting meat from a country through another country to his country without passing through Y and that he used to deal with one of the traders in a country. He then added that he worked in the field of trade and that he submitted his CR that he got from the Department of Development and Economics, in Y. He added that the CR has ten trade activities like trading products, textiles, shoes, watches, spare parts, toys, etc.

When the convicted was questioned about his meat trading business in Y, he mentioned in his previous confession and in a new report, it turned out that he wasn't a meat trader. According to his wife's statement, it showed that they weren't importing or exporting meat as a primary job, but in fact they have done that business for only three times, since the importer had sufficient meat after running the import procedures

for three times. The wife also mentioned that they stayed in Y for only eighteen months, and not three years as was mentioned by her husband in his previous statement .

And when he was questioned if he had a proof that shows his meat import and export business when he lived in Y in order to prove the legality of the money which they brought it to Bahrain , he answered by saying that he has a proof. The proof that was presented by him turned out to be nothing but telex transfers to Y through a Bank in N. Another transfer was presented to a exports company , but the reasons for transfer were not mentioned in any of these two telex transfer,. At the same time, there were no contracts mentioned about who he was dealing with, how was he dealing or the ways in which he was dealing and whether it is from inside the Y or outside.

During the interrogation, the convicted said that he dealt with a company which was owned by "M.K", and that he is from Y national. When the owner of the company was questioned about whether there is a guarantee between the convicted "A.R" and the Indian Company, he denied it since they were dealing with each other on the basis of mutual trust knowing that this kind of trust is hard to establish, since they were in two different countries and they dealt with each other only through letters/messages...

When the suspect was questioned about his profits from the three night clubs, he answered by saying that the profits ranged BD 35,000 to BD 50,000 monthly. The suspect said that after distributing these profits towards rent, employee salaries, buying equipments and other requirements, the only amount left with him was BD 5,000 monthly. As for the new report that was made on the 29th of June, 2004 mentioned that the monthly profits gained from the three night clubs was BD 30,000 to BD

40,000. This contradicts the wife's report, where she mentioned that the monthly profits gained from the three night clubs was between BD 15,000 to BD 30,000. As for the remaining amount after the distributions was not known to her since these processes were made by her husband. In spite of saying all this, her new report states that the monthly profits from the three nightclubs was between BD 60,000 to BD 70,000.

Accounts Reveal Manipulation

The bank has revealed that the suspect, "R.R", has been depositing money every month that ranged between BD 43,000 and BD 57,000 every month. The suspect said that he only deposited pure profits, that is, after paying all his bills. This being said creates a big difference between what he said earlier and the amounts deposited in the banks, since he mentioned in all his other confessions that he deposited pure profits that reached the maximum amount of BD 40,000. This brings the question of where he got the extra money that he deposited in the bank. Plus, the amounts that were deposited in the wife's account were being deposited by the husband himself. All the deposits came from one source only, that is, the profits that are gained from running the 3 night clubs owned by him. This comes from the couple's saying since they have no other sources of income other than the night clubs.

If the pure monthly profits gained from the three night clubs were BD 40,000(maximum), then the pure profit for four months would be BD 160,000 and not BD 239,580, which is the amount the convicted has deposited in the bank. Other than that, there is an amount of BD 79,580 in the four months mentioned, which came from unknown sources. And if the spending amounts that are claimed by the suspect are not being calculated along with the amounts that are being deposited in the bank (so

that the monthly income can be determined), it would turn out that the wife's sayings about the spending would be as follows: \$1000 for 24 artists, which equals to \$24,000, which equals to BD 9,840 per month. In fact, looking at the previous confessions of the convicts, it turns out that there is a contradiction in their sayings.

When the wife was asked why her husband opened another account for her, she said that her husband sometimes had to take trips outside of the Kingdom, while at the time she needed some money that would also serve as a guarantee for her.

The two convicts were asked about why they had a money transferred to D and S, it was concluded that the wife made a transfer of \$100,000 from her account in Bahrain to her husband's account in S, in order to guarantee their son's future. This is what she has reported in her previous report dated 31/8/2002. She hasn't mentioned anything about any other transfers.

As for the new report on 3/7/2004 that revealed the wife's reasons for transferring money. She stated that she transferred the money from her account in Bahrain to her Dubai-based account because when she travels to Dubai, she doesn't have to carry any money from Bahrain but instead, just withdraw money.

She also transferred money from her account in Bahrain to her husband's account in D because her husband wanted to rent a hotel over there. So, she transferred \$50,000. When she was interrogated whether her husband rented the hotel in D or not, she denied since her husband did not accept the money. She was also questioned if her husband returned the amount back to her

account, be it the account in Bahrain or her account in D. She denied again, and said that there is no difference between her and her husband. This created another contradiction in her statement, since in her earlier statements, the wife said that her husband opened up an account for her in order to guarantee her future. Plus, her last statement states that any transfers made to her husband's account were not being returned back to her account. Thus, the mentioned statement raises doubts about their activities, since the suspects have opened several accounts in the Kingdom of Bahrain, D and even in S.

When the husband "R.R" was questioned about transfers made outside the Kingdom, he admitted that he made several transfer transactions in D and S and mentioned that he was free to deal with his own money and to transfer them to any part of the world. In a report made later, he confessed to making a transfer of \$400,000 to his own account in S in order to continue paying for his son's college tuition fees after graduating from a private school in Bahrain. He also added that while doing these transfers, the bank asked him for papers to prove the source of these transfers and so, provided them with the right papers and documents which were related to the import and export of meat, which he has not presented to the authorities here in Bahrain.

"R.R" did not present the papers and documents which proves that he runs three night clubs in Bahrain. The question is can he trade in the import and export of meat three times only according to his wife's statement, in which he profited \$400,000?

He also transferred two amounts from Bahrain to D in two different accounts from a bank and another bank in D. The transfers amounted to \$500,000, where according to him these amounts were being transferred for investment purposes.

And when the convict was asked about the cost of renting the three night clubs, it turned out that the female artists' accommodation was free at the hotel and the accommodations for the male artists have to be paid for. But most of the male artists resided in flats. This raised a doubt about why female artists were given free accommodation, which was opposed to their male counter-parts or otherwise did the females have another job at the hotel, other than what the male artists were doing, which gives the possibility of the extra sources of income shown in the bank account.

It was also found that suspect was managing the three night clubs without having a cash or an account book-keeping system. And from managing the night clubs owned by him for ten months, he was able to collect (BD 870,106,500), which is an unbelievable figure to acquire by managing two -star night clubs at that time.

As a matter of fact, a big investor in the field of tourism told the investigators that the suspect was carrying out "illegal" acts and smoothing out the prostitution business by bring young and beautiful female artists to live in the hotel and work in his night clubs, thinking that the owner of the hotel would be giving the female artists free rooms to carry out fornication and prostitution acts, where in the customer would rent a room at the hotel which would increase the profit of the night club investor and the hotel owner. This explains the free accommodation of the female artists where as the male artists would have to pay for their accommodation expense because obviously, they wouldn't contribute anything in the prostitution business.

The Perfect Crime

In the end, the triple committee of the Finance Ministry, CBB and the Anti-Money Laundering Department came to a conclusion that there are illegal acts that are being carried out by the 2 convicts where in they would be getting money from illegal and combining them with money that they would get legally by running night clubs in order to launder the money, with thoughts of making a decoy by opening more than one account in different countries.